Daily Report

Latin America

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FBIS-LAT-95-093 *15 May 1995*

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Cuba

U.S. Coast Guard Returns 11 Rafters Intercepted at Sea

FL1305002595 Havana Radio Rebelde Network in Spanish 2300 GMT 12 May 95

[From the "Exclusive" program]

[FBIS Translated Text] A group of 11 illegal emigrants who were returned to Cuba today are being taken to their homes as we speak.

Today at 1155, U.S. Coast Guard cutter (Baranov) no. 318 moored in the port of Cabanas in Pinar del Rio Province to return 11 Cuban rafters who were intercepted at sea over the last few days. This was done in compliance with the immigration accords reached between Cuba and the United States and announced by both governments on 2 May.

The illegal emigrants were received by representatives of the U.S. Interests Section in Havana who in turn released them to Cuban authorities. The Cuban side was represented by members of the Foreign Ministry.

The 11 illegal emigrants include a 21-year-old woman who was hospitalized due to pregnancy complications. She is accompanied by her husband who was also intercepted at sea. Another rafter, a 41-year-old diabetic man was also given medical treatment since his condition deteriorated during the long trip. Of the 11, nine are from Villa Clara Province, and two are from Ciego de Avila Province. These citizens were moved this afternoon to a reception center where they were given clothing, medical attention, and food; then at approximate' 1700, they were taken to their respective homes.

This brings to 24 the number of citizens returned to Cuba in compliance with the accord signed by the two governments. The first group arrived on 9 May, and were also given papers by representatives of the U.S. Interests Section, which explain that being intercepted at sea does not give them permission to emigrate from Cuba.

State Council Names New Economy, Finance, Health Ministers

PA1205134195 Havana PRENSA LATINA in Spanish 0835 GMT 12 May 95

[FBIS Translated Text] Havana, 12 May (PL) — The Council of State has named new minsisters of economy and planning, finance and prices, and public health, the GRANMA daily reported today.

Taking into consideration the proposals by the Politburo of the Central Committee of the Communist Party of Cuba, Jose Luis Rodriguez takes over as economy and planning minister and vice president of the Council of Ministers, replacing Osvaldo Martinez.

Martinez, the report indicated, was relieved of his duties due to health problems that are incompatible with the extremely intense work that this job now demands.

It added that the current minister will return to his previous assignment as director of the World Economy Research Center.

Manuel Millares, current first vice minister of finance and prices, was named the head of that ministry, which until now had been headed by Rodriguez.

It also reported the appointment of Carlos Dotres (director of the William Soler Children's Hospital) as public health minister. Julio Teja was relieved of this duty, the report concluded.

Analysts Note 'Progress' in Migration Relations With U.S.

PA1305192695 Havana PRENSA LATINA in Spanish 1017 GMT 13 May 95

[FBIS Translated Text] Havana, 13 May (PL) — The repatriation this week of two groups of Cuban rafters who attempted to travel to the United States illegally, reflects progress in the normalization of the bilateral migration relations, according to analysts in this capital.

A U.S. Coast Guard ship returned 13 persons picked up at sea to Puerto Cabanas last Tuesday. The persons had been picked up a few days earlier by a Norwegian cruise ship near the Cayman Islands. Officials from the U.S. Interest Section in Havana turned them over to the Cuban authorities.

A joint declaration released on 2 May stated that an agreement had been reached between the two governments to get all illegal Cuban immigrants trying to enter the United States repatriated and returned to their places of origin without any punishment being imposed. As a result of the agreement, about 21,000 Cuban rafters held at the Guantanamo Naval Base, in the southeastern part of the island, will be admitted into U.S. territory. Only a minority of them, who "may turn out to be inadmissible" will be returned to their homes in Cuba.

Local political commentators have said that the migration agreement, which is a complement of another agreement between Havana and Washington signed in New York last fall has been well received by the international community and groups within the United States.

The criticisms came particularly from ultrarightwing groups of Cuban origin living in the city of Miami and ultraconservative circles in Congress associated

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with this minority, such as Senator Jesse Helms and Representatives Lincoln Diaz Balart and Ileana Ross-Lehtinen.

Diaz Balart and Ross-Lehtinen, U.S. citizens of Cuban origin, as well as Democrat Robert Torricelli formed a group of five congressmen who, in a letter to President William Clinton, condemned the administration's policies and called for an end to the repatriations.

Diaz Balart was arrested and fined for violating the White House's security regulations when angrily protesting the executive branch's new position.

THE NEW YORK TIMES, however, praised both sides for reaching an agreement in the field of immigration, which is considered very sensitive for Cuban-U.S. relations following the triumph of the Cuban revolution in 1959

The newspaper itself stressed charges about "dominant intransigent forces of the Cuban exile community in Miami," who are determined to silence and intimidate their opponents.

However, once the repatriation was known, U.S. nationals stated their support for it in various demonstrations, including one across the White House, while business and political groups voiced their satisfaction.

The truth is that this Friday, for a second time in less than a week, the United States returned another 11 Cuban rafters, thus confirming the country's new migration policy, which has been described by observers in several capitals as a radical turn after 36 years of hostility toward Havana.

Forestalling opposition demonstrations by Cuban-American groups in Florida, Florida Governor Lawton Chiles defended Clinton's decision, which he described as correct in a speech given at the Press Club in Washington.

According to experts in Cuba, after determining that the intercepted rafters had no "credible" reason for being persecuted to receive refugee status, the U.S. authorities tacitly accepted the theory that current emigration is not being motivated by political reasons, but economic ones.

To this effect, prominent members of the Cuban Government have often emphasized the harm caused to the population by the U.S. blockade, which was intensified following the collapse of the Soviet Union and the former European socialist states.

Commentary on Effects of Migration Agreement

PA1305022995 Havana Radio Havana Cuba in Spanish 0000 GMT 12 May 95

[Station commentary read by Norberto Hernandez Valdes; from the "Evening Information Review" newscast]

[FBIS Translated Text] The return to Cuba of 13 people who were rescued by U.S. Navy units in the Florida Straits while illegally trying to immigrate to the United States constituted the first case of effective implementation of the recently signed migration agreement between the two countries. A U.S. Coast Guard vessel delivered the illegal migrants at the Cuban port of Cabanas, from where they returned to their homes in the Province of Camagüey.

While that operation was taking place, Cuban-American U.S. House Representative Lincoln Diaz-Ballard staged a demonstration in front of the White House in Washington to protest the new migration agreement that normalizes U.S.-Cuban relations in this area. The annexationist congressman was arrested and fined, which gave him the opportunity to make some noise in connection with his election campaign.

In Miami and New Jersey, ultrarightist Mafia groups staged street protests, shouting they were betrayed by the Clinton administration. The truth is that their business is over, and their ties with the White House, from which they had obtained significant economic and political dividends in past GOP administrations, have been broken.

Cuban families residing in the United States who wish to meet with their relatives who have stayed in Cuba have nothing to lose with the new situation. On the contrary, the implementation of legal and normal migration procedures between both countries gives them more security and tranquility.

The so-called Brothers at Rescue, whose served as rescuers of rafters on the high seas in a propagandistic action, will now have to seek another path.

The counter-revolutionary station announcers who fill the air with useless subversive messages, and who are now spreading boisterous protests over the migratory agreement, see how their prospects of winning money and political support among the most recalcitrant Cuban immigrants — reduced in number by time and frustration — are vanishing.

The public protests in Miami and New Jersey managed to disrupt traffic in some urban sectors, but not as many people participated as the organizers had planned. In a heavily populated city such as Miami, a simple

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overturned cart or several cars blocking important intersections can cause a serious traffic jam. In sum, the protests were merely futile shouts that were not endorsed by the majority of Cuban immigrants who naturally are getting tired of so much political jobbery and agitation.

Such actions are already outdated and have not and will not be echoed, much less supported, among the 11 million Cubans who remain on the island. These Cubans know very well what they would lose should the colonialist and annexationist groups of the ultrarightist counterrevolution ever achieved their goals. This conviction is growing stronger within the parliaments in the workplace currently meeting throughout the nation to review and debate the contents of the Helms-Burton anti-Cuban bill presented in the U.S. Congress. The massive public demonstration that the approval of such imperialist monstrosity would provoke in the country would be enormous.

If the United States really valued the force of public opinion, it would not be difficult to determine who has the support of the Cuban people and the international community. The Florida ultrarightist political groups do not have and have never had the support of the majority of Cuban immigrants in favor of their sordid ventures with the counter-revolution or their annexationist maneuvers.

Radio Views Deutch Appointment, Role of CIA

PA1305042895 Havana Radio Havana Cuba in Spanish 0000 GMT 13 May 95

[Station commentary read by Norberto Hernandez Valdes; from the "Evening Information Review" newscast]

[FBIS Translated Text] The CIA has become a dark legend that for a long time has been the object of denunciation and repudiation in the United States and abroad. The CIA is one of the main tentacles of the U.S. imperialistic policy that became powerful and influential in the years of the East-West confrontation — the years of the so-called Cold War in which the CIA played a key role. The U.S. espionage apparatus has been used more than once, as has been repeatedly denounced, to conduct domestic political persecution. Through its tactics, such as the control of private mail and telephones and the large amounts of money included in its secret budget, which must not be made public, the CIA has more than once sought objectives that strayed from the strictly legal.

The CIA's work, as everybody knows, has not been limited to procuring information used for national defense matters; it also has been involved in international subversion and the destabilization of governments — efforts that have failed to benefit or correspond with U.S. interests. Cuba could speak at length about this clandestine monster at the service of, as we have already noted, Washington's imperialistic policies. So far, the 1961 episode of armed aggression, which the powerful apparatus of intelligence and subversion meticulously prepared, is the most blatant of the CIA's transgressions against Cuba. A well-known spy, Allen Dulles, headed the organization at the time.

The Bay of Pigs invasion, which the insufficiently trained Cuban Armed Forces crushed within just a few hours, prompted Dulles to quit his post and triggered an internal purge that elicited more noise than true change. The monster returned to its old habits and continued to commit excesses.

The U.S. Senate this week confirmed the appointment of a new CIA chief, chemist John Deutch, whom is said to have great standing within political circles. He has been tasked with improving the CIA's image, overseeing its profound reorganization, and adapting it to a new era. It has been said that the scandal of double agent Aldrich Ames, who lent his services to a foreign power for nine years, triggered the organization's internal collapse.

When we talked about a new era, what we are referring to is obvious: the fall of the Soviet Union and the East European socialist bloc. In Washington and other Western capitals, people are saying the Cold War has ended, also bringing to an end all of the acute international tensions that brewed for decades. The truth is that the U.S. Government is still arming itself and acting as if nothing has happened. It insists on disarming the entire world, arguing there no longer is a Cold War. However, it has not left the arms race behind.

As for Cuba, the victim of the mercenary Bay of Pigs aggression and the 1962 economic blockade, the situation is more or less the same or even worse as it was in the times of the mythical Iron Curtain. The replacement of such a high-ranking official as the CIA director has always introduced a change of policies; at least, this has been historically true in the United States. Mr. Deutch is taking charge amid the stale atmosphere left behind by the recent Guatemala scandal. This scandal uncovered ties between the CIA and the Guatemalan military leadership. If it indeed is a change of policies, which is unlikely, there will be much more to do than simply replacing one official.

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Haiti

State Justice Secretary Jeune Resigns 12 May

PA1205231695 Port-au-Prince Radio Metropole in Creole 2000 GMT 12 May 95

[FBIS Translated Text] [Announcer] The Haitian Government has lost one of its highest employees. Lawyer Leon Jeune, state secretary of justice, resigned this Friday. Lawyer Leon Jeune confirmed it himself: [Begin Jeune recording] Well it is indeed true. I spoke with the president and said I am tired and would like to rest. Since I cannot stay in the government and take a long break, I preferred to ask the president to accept my resignation.

[Jean-Max Blanc] What did the president say, Mr. Jeune?

[Jeune] Right now, my resignation has not quite been accepted. The president does not really want that. But the fact is that I am very tired. While I was in charge of the portfolio — it was a relatively hot affair — I succeeded in putting it on a good path. I appointed Adrien Rameau director general. He will be able to continue the work, and I am almost sure that everything will continue to work well enough.

[Blanc] I spoke with many policemen who trust you and your work. Do you think the work will be as good once you are gone?

[Jeune] I must tell you, Jean-Max, that I am leaving as the person in charge of the office, but I will always remain in the background to assist the person who will replace me, Attorney Adrien Rameau. Attorney Rameau is an experienced person. He has experience in Africa and the United States. He is well prepared, and I think he is competent. He is a personal friend, and I am almost sure he will be able to continue to work well enough, perhaps even better than me. You never know. Until now, I had to take care of everything at the same time because the post had just opened. Someone had to take care of it seriously and defend it whenever necessary. But right now I think the time has come to pass it on to Adrien Rameau. I will stay in the background to assist him whenever he needs me.

[Blanc] Tell us briefly about your experience during the few months that you spent here as head of the national police. Are you satisfied with the work you accomplished here?

[Jeune] I can say that I have a certain satisfaction and a perfect satisfaction also. I have a certain satisfaction in the sense that things did not get to the point I wanted to reach. But I also have a complete satisfaction in that I am proud I did everything I could to do a worthy job. In my mind, the Haitian national police force is the key institution that will help us develop the country. To develop the country, we need security; to establish security, we need a strong national police force that is able to train good policemen. Everyone needs to know that a policeman is not to kill people but mostly to assist, protect, and guide people on the streets.

[Blanc] Employees of the national police are sad to hear this news. The employees feel they will miss the state secretary of justice, who, according to them, was a person without any complexes. [end recording]

[Announcer] The decision of State Secretary of Justice Leon Jeune to resign as head of the national police is like a cold shower for employees of the institution. Both young and old employees of the national police force believe they have lost a director like they have never had in their entire career. The employees feel that Mr. Jeune does not treat the people he receives differently. Those employees do not think they will ever find another boss equal to Leon Jeune. [passage omitted]. Leon Jeune is resigning from the national police force two weeks before the first police class graduates. He said he would always watch over their work. In resigning, Attorney Jeune called on all policemen to continue the work he began. For him, the former military and policemen acted according to what they had learned, but that does not mean all of them are bad policemen. Attorney Jeune says that he has mixed feelings as he resigns:

[Begin recording] [Jeune] [passage omitted] In that sense, I can say I am proud, because it was not until now, after 200 years of independence, that we have a professional civilian police force. I have worked with many people so we could establish this institution, the Haitian national police force. The new policemen are not out yet because they have four months of training. The first group will graduate by the end of May and will start working at the beginning of June. I am almost sure it will mark a change in the way things work in Haiti. People will see on the streets new police agents with another vision, another concept, another way of looking at things, and, most of all, a different behavior.

[Blanc] Attorney Leon Jeune has been chief of the national police force since October or November. Mr. Jeune is president of the human rights organization named Haitian League for Human Rights, an organization which was created during the coup d'etat. [end recording].

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Migration 'Crucial' Topic in Bilateral Talks With U.S.

PA1405043595 Mexico City NOTIMEX in Spanish 2358 GMT 13 May 95

[FBIS Translated Text] Campeche, 13 May (NOTIMEX) — Mexican Foreign Secretary Jose Angel Gurria confirmed today that a delegation of eight secretaries of state will travel to the United States to participate in a binational meeting between the two countries next week.

Interviewed at the end of the ceremony in which President Ernesto Zedillo signed the Agreement on the Protocol of the First Conference of Gulf of Mexico Governors, he said bilateral relations between Mexico and the United States will be reviewed at the Washington meeting.

Gurria indicated that one of the crucial topics to be addressed at the binational meeting will be migration, regardless of other issues on the agenda, which he did not specify.

He said the Mexican delegation is almost ready to leave on Monday. They will be received on the same day by U.S. President William Clinton and will participate in the bilateral meeting beginning on Tuesday [16 May].

Zedillo Closes Gulf of Mexico Governors Conference

PA1505021895 Mexico City NOTIMEX in Spanish 2103 GMT 13 May 95

[FBIS Translated Text] Campeche, 13 May (NOTIMEX) — President Ernesto Zedillo said today that in a few months Mexico will be on its way to total recovery and that in the next few years, the economy will experience a dynamic growth that will create new jobs.

He said that the first signs are beginning to appear that the economy is under control and that the economic crisis affecting Mexico since 21 December is almost over.

At the closure of the First Conference of Governors of the Gulf of Mexico, Zedillo admitted that "we have had to confront a very serious financial, crisis," but added that Mexicans are overcoming the crisis with unity and a realistic, effective economic policy.

Zedillo valued the support all U.S. governors gave to President William Clinton's initiative and to the U.S. Congress' decision to give Mexico financial assistance.

Accompanied by Foreign Secretary Jose Angel Burria and Commerce Secretary Herminio Blanco, Zedillo said that Mexico is working on stabilizing its economy and is conducting structural changes to strengthen the country's medium and long term capabilities.

During the ceremony, taking place at the "Francisco de la Paula Toro" theater in this southeastern Mexican city, Zedillo said that "we Mexicans want a country of liberties, justice, and opportunities."

"In Mexico we are determined to make the state of law prevail. Therefore, we have begun a broad reform in the judicial branch to reinforce the struggle against crime and impunity," he added.

Zedillo witnessed the signing of the Agreement for the First Conference of the Gulf of Mexico Governors, which established the development of the private sector and the implementation of NAFTA.

"We Mexicans want a country of liberties, justice and opportunities. We are seeking dialogue and agreements that will enable us to advance toward achieving our goals," he stressed.

He said that NAFTA has made it possible to identify areas for better cooperation and to be more competitive with other regions of the world, but we have not taken full advantage of many of the new opportunities.

President Zedillo stressed that the conference reflected the economic opening and the globalization of the world's economy, which have strengthened federalism, democracy, and regional initiatives in Mexico.

He added that the meeting shows the political willingness that exists between the two countries to increase cooperation in all areas and find adequate mechanisms to advance in the consolidation of NAFTA.

Mexico is determined to fully enforce the state of law and therefore has implemented a broad reform in the judicial branch to reinforce the struggle against crime and impunity.

Zedillo pointed out that the concern of state governments on both sides of the border about the conservation of the environment expressed in the agrreement is essential for the cooperation between the two countries to benefit future generations.

He added that the exchange in the educational, cultural, and information areas is also very important, and therefore the Mexican Government supports those initiatives and programs.

The Protocol Agreement signed at the First Conference of Governors of the Gulf of Mexico seeks to encourage, promote, and conduct relations of cooperation between the member-states and private sectors for mutual benefits.

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Another objective included in the agreement is to contribute to the successful compliance with NAFTA and this agreement.

The agreement is aimed at developing and implementing a formal mechanism for member-states to coordinate joint or bilateral activities in the areas of economic development, communications, transportation, infrastructure, and tourism.

In addition, it establishes risk societies, associations for business, environmental cooperation, health, agriculture, and educational and cultural exchanges.

Present at the ceremony were Manuel Cabazos Lerma, Patricio Chirinos CAlero, Federico Granja Ricalde, Mario Villanueva Madrid, Roberto Madrazo Pintando, and Jorge Salom Azar, governors of Tamaulipas, Veracruz, Yucatan, Quintana Roo, Tabasco, and Campeche, respectively.

The United States was represented by Governors Lawton Chiles of Florida and Kirk Fordice of Mississippi and representatives from Texas, Lousiana, and Alabama.

Groups Cite Judicial Branch Corruption

95CA0218A Mexico City LA JORNADA in Spanish 20 Apr 95 p 40

[Article by Triunfo Elizalde]

[FBIS Translated Text] Corruption in the judiciary manifests itself in two main ways: the "mordida" [the bite] and influence peddling, says the nongovernmental international organization Minnesota Advocates for Human Rights (MAHR) in releasing a study on the Mexican courts in which it confirms that "presidentialism has stripped the other branches of government of the functions that are properly theirs."

The mordida, the study notes, is to be found at every stage of court proceedings. It is used to facilitate any formality or step, to have a copy of the case file made, to secure a favorable ruling, or to delay a proceeding. It is commonly said, in fact: "If you have money, the judges will help you; otherwise, you can spend your whole life in jail."

Some people interviewed indicated that "many judges entered the judiciary to get rich rather than out of a professional vocation," according to Andres Guerrero, who is with the Miguel Agustin Pro Juarez Human Rights Center. One woman attorney said that "being a judge is a business. A copy costs 100,000 pesos. If you do not hand over anything, it could take a month. If you want a hearing, you have to pay the hearing clerk."

Under Article 17 of the Constitution, "All persons are entitled to the administration of justice by courts which shall dispense it expeditiously within whatever time periods the laws may set, issuing their resolutions promptly, fully, and impartially. The service shall be free of charge, as courts costs are prohibited."

As specific cases of corruption MAHR mentions that of Damian Trinidad Altamirano Perez (trial 173/93, before the lower court in Salina Cruz, Oaxaca), in which the defendant testified that after he was unlawfully arrested and tortured by Judicial Police agents, the court officer asked him for 4,500 pesos, through process server Luis Diaz Gonzalez, as an inducement to take up the matter.

Also, the clerks with the Conciliation and Arbitration Board in Reynosa, whose function is to report the decisions of the labor courts, rarely serve employees their notices to appear, inasmuch as these workers "do not have enough money to make this formality possible," even though it is supposed to be done free of charge.

The study adds that private attorneys "also go along with corruption in the judiciary" by taking part in the "ritual" between themselves and judges or, more often, court clerks. Each crime carries its own price. One woman attorney explained, "Corruption operates in collusion with the attorney... The first thing that the attorneys do is to tell the court clerk: 'You know that you will get your tip....'"

The other form of corruption is influence peddling. In MAHR's view, "this is closely related to the judiciary's dependence on the administrative authorities." One judge is said to have confirmed the existence of this type of corruption by indicating that "there is a tendency among judges to cater to the interests of the regime by making little use of the autonomy that their office ought to represent."

More on De Tavira Case

95WB0039A Mexico City REFORMA in Spanish 3 May 95 p 6A

[Article by Maria de la Luz Gonzalez]

[FBIS Translated Text] Toluca—Yesterday, the third district judge with seat in this town, Diogenes Cruz Figueroa, denied the arrest warrant requested by the Public Prosecutor's Office for Alberto de Jesus Castillo de la Riva, ex-chief escort of Federal Judicial Police director Juan Pablo de Tavira y Noriega.

The case record containing the judge's decision will be returned to the Federal Public Prosecutor's Office, which may appeal the verdict within the next three business days, or else reestablish the investigation with more evidence to support it.

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The Public Prosecutor's Office accused Castillo of the crime of culpable damages, considering him responsible for the carbon monoxide poisoning suffered by De Tavira on 24 December at his private residence.

In his decision, the judge establishes the fact that Article 20 of the Organic Law for the Office of the Attorney General of the Republic does not specify the degree to which the protection and security required to be given to national public servants, which was Castillo's function with respect to De Tavira, must extend.

Therefore, the judge indicates: "It is feasible to interpret it from the standpoint of taking all action to prevent an attack against the integrity and life of the one protected: that is, to protect those prominent persons from positive acts or actions of third parties.

"However, transferring it to the realm of ensuring the operation of equipment and household goods located in the private residence or domicile of the one protected means virtually encroaching on the area of maintenance of those furnishings. The undersigned obviously does not consider this part of the protection and security referred to in the aforementioned order."

Hence, the judge did not find Castillo to have failed in his duty involving protection, a duty to which he was bound, since, furthermore, from Castillo's statements and those of other witnesses, it is evident that the maintenance and, specifically, the operation of the gas heater from which the leak occurred, had been assigned to Cesar Puebla, a neighbor of the official.

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El Salvador

Government Announces 14-Percent VAT

PA1305192795 San Salvador DIARIO LATINO in Spanish 11 May 95 p 1

[FBIS Translated Text] A fiscal emergency was declared in El Salvador on 11 May by Finance Minister Manuel Enrique Hinds, who announced that there will be an increases in the VAT [value-added tax] on cigarettes, liquor, and automobiles; income tax deductible limits will be increased, property taxes and the VAT on basic products will be eliminated, and the salaries of government employees will be increased.

On 11 May, Minister Hinds presented the legal reform plan for implementation of the measures to Legislative Assembly President Gloria Salguero Gross. Salguero Gross was accompanied by Deputies Eduardo Sancho of the Democratic Party, which is in the formative stage; Rafael Machuca of the PCN [National Conciliation Party], and Walter Araujo of ARENA [Nationalist Republican Alliance].

Hinds explained that the emergency measures are intended to resolve the government's fiscal problems with regard to the commitments that have emerged from the peace agreements, national reconstruction, investments in development, public security, state modernization, ecological problems, the elimination of inefficient taxes, and the reduction of foreign aid.

According to the Finance Ministry's proposal, the VAT will increase to 14 percent and, according to Hinds, the impact on the economy would last only one month, following which prices will stabilize and will not cause inflation, as sectors opposed to the measure assert.

Taxes on liquor will increase by 30 percent "ad valorem on the sales price declared by the distributor, wholesaler, or importer in his retail sales."

There will be one tax on all liquor and wine, which will replace all of the taxes collected on those products. Furthermore, 15 centavos will be paid for every percentage of alcohol in one liter. The tax will be charged at the retail level.

With regard to automobiles, there will be a specific tax for private passenger cars and it will be collected internally in addition to import tariffs at the time of the vehicle's initial registration. This tax will vary between 10 and 25 percent depending on cylinder capacity and other characteristics.

The introduction of this tax will be accompanied by an accross-the-board, 15-percent reduction of tariffs for all vehicles.

Taxies will be subject to a 1-percent tariff during 1995 and zero tariff starting in 1996, and they will not be subjected to selective taxes. Taxi qualification will be subject to Economy Ministry conditions.

Other measures parallel to the fiscal reforms include the assembly's approval of the fiscal crime law, the law against contraband, which will be presented this month, and income tax reforms.

Hinds said that the measures are accompanied by sufficient technical explanations and, therefore, "we have not come here with a negotiations strategy."

However, while ARENA showed support for the requested measures, representatives from the FMLN [Farabundo Marti National Liberation Front], PDC [Christian Democratic Party], and PD [Democratic Party] have rejected the tax increases.

Juan Duch, head of the ARENA faction, said that despite the political cost of supporting the VAT increase, "ARENA will deal with it bravely," because they know that they are creating a medicine to eliminate the disease, which is the lack of investment in health, education, and energy.

Meanwhile, FMLN faction leader Orlando Quinteros said that his faction is "categorically" opposed to the VAT increase and has proposed punishing tax evaders, maintaining the VAT on the majority of products, and only raising the VAT to 15 or 18 percent on luxury goods that are not necessary for the development of the country and the economy.

FMLN Opposes Planned VAT Hike

PA1405140195 San Salvador Radio Cadena YSU in Spanish 1800 GMT 12 May 95

[Report by Douglas Mejia from the "YSU Radio News" newscast]

[FBIS Translated Text] Just a few minutes ago, the FMLN [Farabundo Marti National Liberation Front] party held a news conference in which it announced its opposition to the government measure to increase the VAT [value-added tax] to 14 percent.

In the opinion of FMLN General Coordinator Salvador Sanchez Ceren, it is not true that the 4 percent increase in the VAT is being implemented because of the Peace Accords. He says it is not true that the peace process is prompting the government-announced measures, because the deficit is much less than what the government claims it is.

[Begin Sanchez recording] We very much want to stress and clarify that the government's cost estimates for the

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Peace Accords have been very much inflated and that the deficit is not so great. Therefore, the argument that the VAT, which is a burden on the people, is due to the peace agreements is completely false. We, the FMLN, do not agree with this increase, and we are explaining to our people that the deficit is less. We asked the government about this at the beginning of the year, and it promised to present a detailed report on expenses. As of today, this detailed report has not yet been delivered. [end recording]

According to FMLN leader Jorge Shafik Handal, the government is contending that the VAT increase is due to the peace process in an effort to place blame on the FMLN party. Handal added that this is nothing more than an election tactic.

[Begin Handal recording] They are using the argument to turn the people against peace, to turn the people against the FMLN. This is what they are trying to do; it is an electoral move. The other real reason for this increase is that they do not want to face the issue of tax evasion. They do not have the courage to do this. It is likely that many of them are very much involved or have a number of friends, relatives, and so on who are involved, and, therefore, they do not want to take this route. This is the route they should take, which would give them great nationwide support. Even big business has told them that this is the route they should take, but they do not want to do it. [end recording]

In view of this situation, the FMLN party has announced that it will contact its rank and file and call for a state of emergency, during which it will hold forums with various business sectors to discuss the 14-percent VAT announced by the government. The leftist group definitively rejected the government measure, stating that the government's arguments are not valid from any point of view.

Consumer Defense Center Opposes Increase

PA1405140395 San Salvador Radio Cadena YSU in Spanish 1800 GMT 12 May 95

[Report by Maria Teresa Fajardo from the "YSU Radio News" newscast]

[FBIS Translated Text] The Consumer Defense Center [Centro Para la Defensa del Consumidor — CDC] today said the government decision to increase the VAT [value-added tax] by 4 percent is designed to reward tax evaders and punish consumers. The government measure will prove catastrophic for poorer households, because price speculation has already started.

[Begin recording] [First unidentified speaker] In the face of the devastating effect the VAT increase would have on families, especially those with lower incomes, the Consumer Defense Center wishes to state the following:

The phenomenon of speculation that follows every VAT increase is a well-known fact. We only need to remember that in 1992 the speculative effect brought about by the VAT increase caused the country's highest-ever increase in inflation. In September 1992, the inflation rate was 4.7 percent, and the year closed with a 20 percent rate. The government had projected an 8 percent inflation rate for the entire year.

Therefore, the argument used by the finance minister, who claims that prices will increase only 1.5 percent, shows a true lack of understanding about this country's economy. This is a highly-speculative economy, and, therefore, to say that prices will increase only 1.5 percent is way off base and fails to project the real jump in prices. We believe that if the speculative trend, which has already been noticed and will surely worsen over the next few days, continues, we will most certainly end up with inflation running higher than 15 percent. This would definitely be devastating in terms of true salaries and family incomes, because it would greatly increase consumer prices.

[Second unidentified speaker] There is a core problem the government must resolve before enforcing this new tax increase. The problem the government needs to resolve has to do with tax evasion. We believe the government has promised, the president himself has promised, to resolve the tax dodge problem. Government data show that the state is failing to collect more than 5 billion colones in VAT and income tax assessments. For example, in the case of the VAT, evasion amounts to 3.64 billion colones. Revenue estimates based on these additional 4 percentage points in the VAT come out to 1.2 billion colones. Therefore, the government would gain much more by properly collecting the VAT — here, we are talking about 3.64 billion colones — instead of tacking on this additional 4 percent, which hurt the poorest sectors of the economy. [end recording]

The nongovernment organization insists on demanding a true explanation on how the Finance Ministry is fighting tax evasion and contraband.

As far as the CDC is concerned, opposition deputies in the Legislative Assembly should open an intense debate to prevent the rubber stamp approval of this tax package, as the government intends.

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President: Government Not To Bargain on Increase

PA1405141695 San Salvador LA PRENSA GRAFICA in Spanish 13 May 95 p 6A

[Report by Claudia Rivas]

[FBIS Translated Text] Commenting on the opposition voiced by the private sector, labor unions, and the Salvadoran people to the recent tax package announcement, President Armando Calderon Sol said: "I do not like the new VAT [value-added tax], but it is necessary."

Thursday [11 May], Finance Minister Manuel Enrique Hinds presented the Legislative Assembly with a package of fiscal measures that includes an increase in the VAT, raising it to 14 percent; new taxes on vehicle imports; standardized customs; and taxes on alcoholic beverages and tobacco.

Calderon Sol explained that these measures will help the government face the severe fiscal crisis looming in the years ahead because of the high cost of the Peace Agreements, national reconstruction, and planned investments in the social sector.

He said: "We must all contribute to the nation's reconstruction, comply with the agreements, and stay on the path of democracy. This is no gift. And it has a price that all Salvadorans must pay."

Opposition parties expressed their disagreement with the proposal and charged that the "Peace Agreements are a farce and a pretext" for the government to increase the VAT. The VAT increase is one of the economic measures listed in a plan officially announced by the chief of state on 2 February. On that occasion, Calderon Sol explained that instead of raising the VAT, the government would work to improve the fiscal revenue system in an effort not to overburden the citizens with taxes.

Calderon Sol said his change of position, made evident when he presented the new VAT rate as a fundamental aspect of the plan, is due to the high cost of the reconstruction effort and to the fact that the state does not have enough funds to cover these costs, which in turn would pave the way for a grave fiscal deficit in the future and lead to the country's financial decline.

He said: "The (Peace) Agreements were not totally financed by the international community, as was promised in the beginning. The international aid that had been arriving for infrastructure and development projects has decreased, and this is why this decision was made."

In view of the imminent approval of this proposal by the Legislative Assembly, with only 43 votes required, the opposition and the private sector are making a series of counterproposals. The representative of the National Unity of Salvadoran Workers [Unidad Nacional de Trabajadores Salvadorenos], Carlos Luna, said that in the next few days his organization will send to the Legislative Branch a proposal that the government program be revamped and instead be aimed at revising fiscal policy and the implementation of differentiated taxes and the establishment of salary increases based on percentages and grades.

Other sectors believe the VAT increase could be smaller. However, the president has said the measures have not been announced "to play a bargaining game."

He added: "A scientific study has been made, and the government's position is not one of bargaining but, rather, a serious position consistent with El Salvador's interests."

Last Thursday, the proposal went to the Finance Commission of the Legislative Assembly for its analysis, which will serve as a basis for the decision of whether or not to approve the measures next week, because the government is recommending that the measures go into effect on 1 June.

Regarding the possible political price the governing party may have to pay for implementing this economic package, Calderon Sol said the cost will be less than the price of not implementing the measures.

Guatemala

Kidnapped U.S. Citizens Released After Ransom Paid

PA1405201895 Panama City ACAN in Spanish 1934 GMT 14 May 95

[FBIS Translated Text] Guatemala City, 14 May (ACAN-EFE) — The National Police today reported that the individuals who kidnapped three U.S. citizens on 9 May released them after a ransom was paid. U.S. citizen Sheryl Swingle, 42, who lives in a Guatemala City suburb, and her children Clementina, 6, and Juan Pablo, 4, were kidnapped near the western town of San Lucas Sacatepequez six days ago.

In a brief statement today, National Police spokesman Gonzalo Figueroa announced that the kidnappers released all three hostages, who are now "safe and sound." According to Figueroa, the Swingle family yesterday paid the kidnappers 150,000 quetzals (approximately $26,325), and the kidnappers released the U.S. citizens overnight. He added that the kidnap victims were released on Pataca Avenue in the southern part of Guatemala City.

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President on Transition, Fiscal Reform

PA1405005595 Guatemala City CRONICA in Spanish 5-11 May 95 , pp 19, 20

[Interview with Guatemalan President Ramiro De Leon Carpio by CRONICA reporters I. Hernandez and S. Gramajo; place and date not given]

[FBIS Translated Text] [CRONICA] How did you come out of the confrontation caused by the fiscal reform?

[De Leon] Fortunately, it did not go beyond a confrontation. When it was on the verge of turning into a war, I decided on a standardized tariff. I have now turned the page on that fiscal episode. We have other problems left for the future, a future in peace. With this in mind, my third government stage, that of conciliation and initiatives begins. Basically it is a stage of transition, not only of power or from one government to another; it is a stage that is ending the war and introducing peace.

[CRONICA] The economy was adversely affected during the crisis. Will you adjust the budget, taking into consideration the inbalance in the internal debt?

[De Leon] Balance will only be achieved through the sale of assets; however, my final intention is not to sell state properties, only to solve this deficit problem. Rather, I believe that the sale of assets should be the result of an overall policy. With regard to the gap, it existed with the previous fiscal reform and it continues to exist with the new reform; this is not precisely what we wanted. A big fiscal gap remained with the reform approved in November, now the gap is widening even more. Somehow this must be resolved. The future is my concern. I am certain, that no matter what, I will govern until January; however, I am concerned about the next government. It will have institutions and political stability, and it should have economic stability, otherwise it cannot prevail. This is particularly so if peace is achieved, as the social demands will be significant. With this new reform, the next administration will have 3 million quetzales in revenues for social investment.

[CRONICA] Have you taken into consideration solutions to close that gap you are talking about?

[De Leon] One way could be a cut in the budget; however, the problem is that the people would suffer with this reduction in social investment. There are other measures that I have requested from the economic cabinet, specifically to present them to the international community. It is necessary to demonstrate to the IMF how the goals are going to be achieved to close the gap. Another problem the reform has left us is fiscal crime; this remains in the minds of taxpayers. Given the agreement, the laws are no longer considered unconstitutional. The new government will find that currently 25 to 30 percent is paid in income tax. It will also count on a law on assets. I must explain that this ruling was not conceived as an additional tax; rather it is a strengthening of the income tax. Currently, it is accepted as such. The person who pays his income tax has no problems. Those who do not pay, that is the majority of the companies, will pay a minimum quota, so this is an achievement. Besides, they will be put on the Finance Ministry's register, and that is the net that catches whales, sharks, and even octopuses.

[CRONICA] That is in the economic field. Now, how will you assure the transition in the political field?

[De Leon] I have decided to form a council of advisers, the goal of which will be to prepare, first of all, the transition of power for the new government within a legal, democratic framework of peace and trust. Second and very importantly, the council will watch over the government's impartiality. Among my goals is to leave the coming administration with a situation totally different from the one I found.

[CRONICA] This is nothing new, the search for consensus.

[De Leon] Of course, the first thing one asks is: How come so many attempts have been made for dialogue? I myself summoned one, but it did not materialize, as it was at a very difficult moment. At that time, it was believed that I was going to participate in the elections, something that is currently totally ruled out. Things are different now. This is a good moment because elections are coming up. Everyone knows the government is impartial, it is not supporting any candidate, there is no official party, no resources to finance anyone. We want to set an example that will benefit this government for the transition and for contact with the Guatemalan people.

[CRONICA] What other duties would you designate to the council?

[De Leon] To be a consulting entity for the government to solve the various problems and conflicts that could come up during the rest of this administration. Likewise, it would establish alternate mechanisms to overcome — with mutual consensus — any event that could generate instability and be counterproductive for the transition.

[CRONICA] How do you plan for the diverse sectors to hear your appeal and to participate in this?

[De Leon] So they do not believe that the president is relying on this to solve problems, we are doing this very openly, through meetings: I will summon the first ones. These will be preparatory encounters in which

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attendance will not be tamtamount to a commitment. Representatives of the diverse sectors will simply be invited to learn about the goals and the mechanisms to achieve them. After one or two encounters, the attendees can decide if they will participate.

[CRONICA] Who will be invited?

[De Leon] I have met with the political parties with which we already have past experience. Prior to the dialogue, for which the church issued an invitation, we had met with the archbishop and with Monsignor Mario Avila, president of the Episcopal Conference. This is why when the church proposed an encounter, I immediately replied positively. Other sectors include the universities, the cooperatives, the Mayan associations, the municipalities, the business sector, the human rights institutions, the Human Rights Prosecutor's Office, the Assembly of Professional Associations, as well as people's organizations and labor unions, and any other group that represents a sector of the civil society. As I said before, this experience will also guarantee impartiality in the elections.

[CRONICA] Among the accusations on the lack of impartiality, Fernando Andrade insinuated in an interview that you were supporting a candidate.

[De Leon] That is not true, and this precisely is the basic task of the council. What do I gain by supporting someone? The truth is that I have no political plans for the future, or anything like that. I gain much more with the people by being impartial than by helping this or that party. But, above all, the advantage of this impartiality that I allow myself, is, for example, to present to that body what is currently being worked on, a 1996-2000 government agenda.

[CRONICA] Who prepares that agenda?

[De Leon] There is a commission coordinated by Hector Rosada, in which the finance minister and several technicians are also included. They are working on a document that will be presented to all the political parties and to the advisory council. The text includes a draft budget for next year based on economic and social realities.

[CRONICA] It has been said that your alliance with congress helped General Rio Montt's image to grow, while the legality of that presidential candidacy was still under debate.

[De Leon] I do not agree with that. The agreements reached on a political level were very positive, because they strengthened the institutions. Currently, there is support for the Legislative Assembly because it has gone beyond merely approving the tax laws. There is an excellent interrelationship to the extent that we have drawn up an agenda for now until the congress completes its term. I understand they are going to have additional sessions and will cut back the planned recess time. There has not been any confrontation, nor pressures, nor blackmail. On the contrary, the political parties have come out stronger.

[CRONICA] Will the parties' support continue once the election campaign starts?

[De Leon] It is going to be difficult, once the campaign takes off, there are always attacks. There is no better publicity campaign than to point out what the government did or did not do.

[CRONICA] How do you plan to keep the Army's respect until the end of your administration?

[De Leon] I do not think there is a problem with that. I am not going to say there is a tight-knit union, because there could be a problem the very next day, but I can say that everything is okay. I visit the various commands regularly and meet with the commanders to explain my decisions so that they, in turn, can explain them to their commands. I will adopt other measures in the future that will not generate a lack of support — although they could possibly endanger that support because they go against impunity. At this stage of the game, I feel very strong in taking political measures and making the required state decisions. I have nothing to lose. I made the decisions that I believed were necessary.

[CRONICA] What kind of decisions did you make?

[De Leon] Decisions which support stronger institutions. If someone could have questioned them before, he couldn't do so now. At the legislative level, Congress will decide on the Military Service Law. If they do not do it, I will have to make a decision as chief executive, which I am authorized to do by law. As far as the Secretariat of Intelligence and the National Security Council are concerned, the law on these is ready. I believe some sectors have misunderstood it. Before it was impossible to talk about a state intelligence separate from military intelligence. Now that I want to separate them, the opposition comes from where one would least expect it. This is due to a lack of information. Another issue is the length of military service. Measures such as these must be taken even though they adversely affect some and favor others. I take them because I believe they are good for the institution because we are seeking stability within the Army and to avoid, as we Guatemalans say, a struggle [apretacanuto] in top military circles.

[CRONICA] Colonels Julio Alpirez and Mario Garcia Catalan were place in the court's custody through a

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suspension, a term that does not exist in military law. Is this an attempt to protect the Army's integrity?

[De Leon] No, it is not. The goal is to strengthen the institution by opening up the cases that are being presented, particularly when some of them stem from the armed conflict. It is necessary to separate the cases that are the result of the war, which should be called institutional, and others which should be called common. Any Army officer who has committed or allegedly committed a crime should be removed from his post and submitted to the appropriate administrative procedures. The doors of justice should be open so it can act correctly.

[CRONICA] But you initially defended Alpirez.

[De Leon] I made those statements aware of his possible innocence in one of the cases because I had knowledge of it. When I was ombudsman, I was in charge of both cases, Bamaca and Devine. Now, as president, I do not regret what I said because at a given moment, according to my appraisal, Col. Alpirez was innocent. Nevertheless, it is not the president who should say if someone is innocent or not. Now, it was something else when both cases took another turn with new accusations regarding a relationship with the CIA. I then decided, along with the high command, that to strengthen the Army it was necessary to find a formula that would give the accused officers freedom to defend themselves while complying with the law. It is of a special nature, if that is what they want to call it, but it was created with that goal in mind.

[CRONICA] Within military rule, that structure of suspension does not exist.

[De Leon] Well, it is practically a discharge. The Army wants to facilitate the administration of justice. The legal structure was found, it has total support, and that is why it was discussed. There were some specific cases, such as the executive under secretary of the Presidency who had a personal problem. I removed him from his post until his case was resolved in the courts. This is another situation. The goal is to facilitate the administration of justice.

[CRONICA] Could this special nature be applied to other cases; for example, to those officers who are being tried for the murder of Myrna Mack.

[De Leon] I do not know the status of that trial.

[CRONICA] What is the status of relations with the United States following the accusations made by Congressman Robert Torricelli in Washington?

[De Leon] Relations are very good. I have a great deal of credibility and am well respected at many levels, not only in the State Department but also in the Senate and House of Representatives. I have that advantage. I say this because I have maintained good communications. The United States has much hope for my future actions. I have just taken some, and others will follow.

[CRONICA] As far as impunity is concerned, what have you done to comply with the Minugua [United Nations Mission for Guatemala] recommendations?

[De Leon] I also intend, to the extent possible, to leave that scenario for the next government. The president has issued an order through COPREDEH [Presidential Commission for the Coordination of Human Rights Affairs] for solutions to be found and for a response to each accusation.

[CRONICA] The base commander has been implicated in some torture cases mentioned by Minugua. He has not been arraigned.

[De Leon] You are referring to the base of Cuilapa (Cesar Augusto Cabrera). I have given orders for this to be resolved. We reviewed the recommendations in the case. Everything will be resolved so the necessary opening of justice will take place. Besides, this is increasing the level of risk so everyone will think twice before breaking the law.

De Leon Discusses Transportation Crisis, Fuel Prices

PA1305201395 Guatemala City Teleonce Television in Spanish 0350 GMT 11 May 95

[From the "Telepress Newscast"]

[FBIS Translated Text] While a dialogue was going on in search of solutions to the merchandise transportation problem, Guatemalan President Ramiro de Leon Carpio noted that the crisis is the result of a conflict of private interests, which should not adversely affect the population in general.

[Begin De Leon recording] I told them that this problem started because of a conflict of private interests. It is a conflict between two parties, between two persons, it is a private not a state problem; however, because it is having nationwide repercussions, I agreed to directly participate as a mediator. I am now going to talk to one of the parties involved in the conflict. We may possibily announce a recess because there are some proposals that need to be reviewed. It is my obligation to do so. I did warn them that the president, and the government in general, are unwilling to tolerate any illegal actions. If necessary, we are going to take drastic action to prevent the population from being harmed. They have accepted my mediation but under the condition, the warning, that

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if an agreement is not reached, the government will intervene with the actions allowed by the law. [end recording]

De Leon Carpio also talked about the rise in fuel prices and the situation surrounding the electricity rates.

[Begin De Leon recording] There are three topics that I am currently reviewing. One has to do with the rise in fuel prices. I am about to make a decision on the actions I will take, as I told the media a few days ago. I already have certain information, I have some figures, and I am studying the actions that could be taken within a system that is not precisely one of price controls. I have the obligation to defend the Guatemalan people, and I am finding solutions to defend the interests of the Guatemalan people within our current economic system. I am doing it because I am the president of the Guatemalan people, especially of those who suffer from this type of rise in costs.

As for the increase in electricity rates, we are reviewing the situation at the INDE [National Institute of Electrification] and at the Guatemalan Electric Power Company [EEGSA].

We held a meeting yesterday for several hours with represesntatives of the EEGSA, the INDE, the National Electrification Committee, and the economic cabinet. I asked them to find financial, economic solutions to this problem so that we can fulfill our foreign debt obligations without forcing the Guatemalan state to resort to social investment resources. I believe social investments have priority, and we have to find formulas, solutions to solve this problem between two state organizations, the INDE and the EEGSA. I include the EEGSA because the state is the major shareholder.

You can rest assured that the economic, financial solutions are being sought while defending the people's interests.

The third issue is the family basket and the family basket prices. I have asked the economic cabinet, the Economy Ministry, and a special team to work on a crisis committee to help resolve the economic crisis and any other crisis, such as the transportation problem. I am going to personally inform you of what is going on there because, I repeat, the actions I will take are meant to defend the interests of the Guatemalan people, to whom I have a responsibility. [end recording]

Honduras

President Comments on Privatization, Other Issues

PA1305195995 Tegucigalpa Voz de Honduras Network in Spanish 1145 GMT 11 May 95

[Report by Jose Danilo Izaguirre]

[FBIS Translated Text] President Carlos Roberto Reina has decided to pay surprise visits to the country's government institutions to see if there are lazy people who are not working and how the moral revolution in public administration is coming along, the president said.

Yesterday, he went to SANAA [National Water and Sewage Service] to visit Antonio Romero, the manager of that institution. We asked him: Do you alreay have the people who are going to form part of the commission against corruption. He said that he has already picked its president.

[Begin Reina recording] I have decided to immediately revive that commission. Perhaps it will take a few days before institutions again make official the proposals they already had. I think there will be no problem and that the people who were recommended the last time will be nominated again. This commission will be headed by Enrique Flores Valeriano. We have fulfilled our obligation. The order has been given. Only the final details are needed. The Honduran people can be sure that the commission to struggle against and prevent corruption will be revived. [end recording]

The president yesterday ratified Gustavo Adolfo Aguilar as economy minister.

[Begin recording] [Reina] There would have been no need to appoint him had there been only one undersecretary, but there were two, and we have put the secretariat under Gustavo Adolfo Aguilar, a very capable man, until we appoint the secretary.

[Izaguirre] Mr. President, what do you think about the privatization of the Honduran Telecommunications Enterprise?

[Reina] That privatization will take several years. If this is approved, it will not be under my administration. It has to be approved by congress, which is the legitimate authority that must make this decision. The word ripping is vilifying. We are initiating a process. I am going to ask Mario Aguero to give a briefing on what the privatization of Hondutel means. I admit that I do not not have all the details. It is great what one can learn when one listens with good faith to the explanations. In any event, Congress will discuss this again and will either approve or disapprove it. If it is bad for Honduras,

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it will be disapproved, and if it is good, it will be approved. As simple as that.

Regarding the consul in Los Angeles and Hondurans who may have committed crimes in the United States, the only thing the Honduran Government can do is to give them legal assistance, a good attorney to defend them. This is a matter of another country, another legal system, another penal code. A government can do nothing but intercede for the application of justice.

[Izaguirre] Voz de Honduras has denounced an apparent act of corruption in the National Railroad, in complicity with Natural Resources, to pay millions in customs when the private sector said it would do the job for 40,000 lempiras. Will action be taken against these people? What will you, as chief of the public administration, do about this?

[Reina] I was informed immediately about this. Presidents must be informed as soon as possible about actions that affect their administration. This has been an action without precedent: A national Honduran institution charges almost 1 million lempiras in customs for something that was donated to Honduras to benefit the Honduran people. A normal agency charges 40,000 lempiras for this. This huge difference is what created doubts. It appears that the person in charge of the railroad, or those who have spoken in his behalf, have adopted very radical positions. There have been strong arguments. We are lending our good offices to have this resolved as soon as possible and to see that the supplies donated by Japan reach their destination: the Honduran people.

[Izaguirre] With due respect, Mr. President: Will specific and examplary action be taken in this railroad case, or not?

[Reina] You know perfectly well that the president of the country cannot act beyond his authority. There are government agencies that are informed and that pass resolutions. The president may act so that the case is moved, but this is all he can do. [end recording]

New Foreign Affairs Minister Vows To Correct Policies

PA1205193095 Tegucigalpa Voz de Honduras Network in Spanish 1145 GMT 11 May 95

[Report by Juan Carlos Barahona from "The Morning Paper" newscast]

[FBIS Translated Excerpt] Tasked with the responsibility of correcting the course of the country's foreign policy in the midst of a stormy sea due to reports of grafts, visa and passport trafficking, illegal sale of citizenship, fraudulent navigational permits, sales of registration patents, and discredited consulates and embassies, Delmer Urbizo Panting formally assumed command of this sinking ship.

With the immediate commitment to once again brandish the national flag — which was trodden on, trafficked, and sold — the new Honduran foreign affairs minister began working, which for many is a radical change aimed at washing the dirty face of the country's image abroad.

For Urbizo Panting, a legal and social sciences graduate from the Autonomous University of Honduras, the work entails applying and designing the foreign policy suggested by President Carlos Roberto Reina.

[Begin Urbizo recording] Well, that is part of the design of the president of the Republic, who is the person who directs the country's international policies. [end recording]

With the arrival of Delmer Urbizo Panting, a new stage is reached in Honduras' renewed diplomatic relations with the countries of the world. Having ended the ideological struggle caused by the Cold War, the former economy minister in the Reina administration turns a page of the new diplomatic agenda in tune with new world currents that call for policies that are more visionary, more participative, and more interchangeable.

In this new context, Honduran foreign policy will have to give priority and attention to such topics as free trade, defense of human rights, and the struggle in favor of the ecology. All are topics that were cast aside or put off in the past and were not topics of discussion in the agenda of diplomatic approaches among UN member countries.

But the new Honduran foreign minister has decided what the country's foreign policies will be based on. Beyond the priorities or immediate topics, Urbizo Panting pledged faithful and absolute observance by Honduras to international guidelines that serve to set the country into bilateral and multilateral relations. In addition, compliance of international court jurisdictional rulings, especially the development of a foreign policy that is compatible with the country's national reality, ensuring viable national support to international policies.

There are four economic and diplomatic topics that highlight what Urbizo Panting intends promoting from the Foreign Affairs Ministry: He intends balancing introduction levels of the Honduran state into the new world economic currents; promoting greater international cooperation at all levels; attaining a solid position or image abroad; and attracting foreign investments of capitals through diplomacy, but without committing the country's foreign policy.

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The new foreign minister will have to deal immediately with very sensitive affairs that were put off and that require great and quick decisions. [passage ommited]

Nicaragua

Purpose of Constitutional Reforms Viewed

95CA0212B Managua BARRICADA in Spanish
14 May 95 p 5

[Commentary by Adolfo Acevedo Vogl: "Constitutional Reforms and the Expansion of Democracy"]

[FBIS Translated Text] The debate on the *Constitutional Reforms* has been placed in the context of the debate on the need to expand and deepen democracy. It is argued that the expansion of democracy consists basically of a more balanced distribution of powers among state powers, so that they may serve as checks and balances to prevent any one of them from concentrating excessive power.

Therefore, it seems correct to reduce the powers which the 1984 *Constitution* gave to the Executive. If the left in Mexico has accepted that as correct, the demand to reduce the excessive character of presidentialism is also valid in Nicaragua, where in the same way it has led to the discretional use of presidential power and resources.

We also agree that taxes must be set by law to avoid discretionality, and above all, that international agreements and treaties should be ratified or not ratified by the Assembly, even if only to permit a public debate to make them more transparent, given their implications for all citizens.

Still, it seems wrong to reduce the expansion and deepening of democracy merely to this. On the contrary, these concepts express the need to extend and democratize decisionmaking power in society, bringing it closer to the citizens, social groups, and different and specific territories by facilitating and making access and incidence possible.

Mythical Abstract Representation

From this point of view, the elections for the president and deputies in which a mythical abstract "representation" of the nation is decided are not a sufficient guarantee of democracy, if they are the sole mechanism to legitimize a government and Assembly which, once elected, do not have to respond to the needs and demands for social inclusion of the citizens who elected them.

In this case, the government, Assembly, and political system tend to express solely the interests, calculations, and eventual needs for alliance of the limited groups which, entrenched in both state powers and monopolizing the political system, make up truly closed power structures, which definitely make any possibility of an opening or expansion of the political system difficult.

These restricted groups with resources, which each proclaim themselves to be the legitimate exponents or carriers of the national interests, are in fact designed to preserve or improve their own acquired positions in the political system and the State, by blocking any possibility of opening the system to the participation and incidence of new participants and interests which are not under their control or which cannot be coopted by them.

It is precisely the proliferation of actors and demands beyond their control that these circles often call the "ungovernability of democracy."

So the progressives' demand must on the contrary aim at breaking that blockage and control—that monopolization of power by restricted groups with resources—and fight, not for less, but for more and more democracy in all arenas and levels of social life.

Nor do we agree about separating the "socioeconomic model" from the "political model," with the latter understood as an unpolluted autonomous sphere that is separate from the first, not "contaminated" by the crude material interests of the socioeconomic model.

It is in the political sphere where, ignoring what is happening to the economic and social development model and the people suffering from it, the resources of institutional power could be contained, reproduced, and amassed by the "closed internal circles" that make up the real power structures of the parties and political movements.

These have come to be conceived, in a context like the present one, solely as electoral platforms which these closed "internal circles" use to advance themselves and to legitimize their own interests of perpetual inclusion in institutional power structures.

On the contrary, the institutional political presence of sectors that are now marginalized as key actors requires increased flexibility, not only of the rigid and restricted model of economic growth, but also of the rigid and restricted present political system.

Open Development Model

This, with or without reforms, especially in a context of majority social fragmentation and exclusion, necessarily restricts the possibilities for social and political representation of their interests, and for political and social impact, to those exclusive groups with resources.

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What does expanding democracy in Nicaragua mean? Expanding democracy requires articulating institutional political changes with social arrangements that will have consistency over time, and which will make it possible to promote a development model that will create space to bring in sectors which are now excluded.

This means creating institutional political mechanisms that will guarantee the representation and incidence of the interests of those sectors in the areas controlled by those with decisionmaking power in society.

This in turn requires modifying the power structures and mechanisms and the present institutional designs, by expanding the political system through the presence of sectors which are now excluded.

Panama

President: Government Remains Open to Talks With Labor

PA1405123095 Panama City Circuito RPC Television in Spanish 1730 GMT 13 May 95

[Report by Alvaro Alvarado from the "Telenews at Noon" newscast]

[FBIS Translated Text] Speaking in Chitre, President Ernesto Perez Balladares said the law to modernize labor relations is primarily intended to combat unemployment.

The president and his wife were honored in the city of Chitre on Friday by Herrera Province PRD [Democratic Revolutionary Party] members and supporters. In his speech, President Ernesto Perez Balladares said that at no time has the Bambito Pact been violated, adding that the agreement was undermined when the Labor Foundation decided to exclude the government from directly participating in the debate on its proposals.

[Begin Perez Balladares recording] Never did workers or entrepreneurs want the government to sit down to talk with them. Never. They thought it was better if they both agreed with one another and then present their proposals to the government. This is fine, but we can hardly accept having agreed to something we have not taken part in.

Despite this, we accepted all of the articles that had been agreed at the Labor Foundation bargaining table without the government's presence. Nevertheless, the government cannot, without committing serious constitutional mistakes, deny the authority that the Constitution stipulates that I must exert, which I cannot delegate to anyone else. My responsibility and authority is to direct the public administration. Therefore, I could hardly cede this constitutional authority at a table without the risk of being tried by the National Assembly for granting constitutional concessions that I am not allowed to grant. [end recording]

According to President Perez Balladares, there are two fundamental topics for attracting more investments and generating more jobs — labor mobility and the unemployment fund. He also explained that some workers decided not to take part in the talks and now they are demonstrating in the streets as if they had never been invited. He said the invitation remains open because the dialogue process is ongoing.

Denies Compromise on Reforms Presentation

PA1505021695 Panama City EL PANAMA AMERICA in Spanish 14 May 95 p 1A

[Report by Aquilino Ortega Luna]

[FBIS Translated Text] President Ernesto Perez Balladares has denied the existence of a compromise granting the Labor Foundation the authority to approve and submit to the Legislative Assembly the labor reforms. Meanwhile, a member of the opposition stated that the bill may indeed be withdrawn from the Assembly, as occurred with the Intel [National Institute of Telecommunications] Privatization Bill during the Endara administration, with the approval of the PRD [Democratic Revolutionary Party].

"That alleged compromise granting the Labor Foundation the authority to approve and submit to the Legislative Assembly the draft bill is not true and, consequently, we have not failed to comply with the Bambito Pact or what we have agreed," the president highlighted.

Perez Balladares explained that there is a great deal of "disinformation" regarding the labor reforms. He asked workers who are members of Sitrachilco [Union of Chiriqui Land Company Workers] and Suntracs [Single National Union of Construction and Related Workers] to participate in the dialogue, which, according to him, "has never been closed."

In the meantime, Arnulfista Party legislator Bolivar Pariente has accused Legislative Assembly President Balbina Herrera of trying to deceive union leaders by arguing that the Legislative Assembly does not have the authority to withdraw the bill presented by the executive branch.

Pariente recalled that two years ago, in an act of "collusion" between PRD and PDC [Christian Democratic Party] legislators, the withdrawal of the first Intel Privatization Draft Bill presented by the government of Guillermo Endara from the Legislative Assembly floor was achieved.

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"Balbina Herrera, Mario Rognoni, and Gerardo Gonzalez of the PRD, and Milton Henriquez of the PDC, in complicity with the Intel leaders, exerted pressure so that the document was withdrawn from the chamber," Pariente affirmed.

He added that Balbina Herrera wants to take advantage of the "good faith" of Genaro Lopez and other leaders, making them believe that withdrawing the draft bill from the Assembly would be "unconstitutional."

Minister Explains Economic Reforms Needed To Spur Growth

PA1405043095 Panama City EL PANAMA AMERICA in Spanish 13 May 95 p 1

[Report by Juan Manuel Diaz C.]

[FBIS Translated Text] Planning and Economic Policy Minister Guillermo Chapman has warned that the country's economic crisis will deepen and increase poverty and unemployment if the economic reforms proposed by the government are not implemented.

Chapman said the economy has regressed to the growth levels of the 1970's, adding that economic growth at the end of this year might be under 3 percent.

The minister explained that the factors that led to the economic recovery after the U.S. invasion have been exhausted and that those circumstances will not be repeated.

According to Chapman, there is uncertainty among investors because of the discussion of the economic changes, but he warned that if the reforms are not implemented "we will be doomed to slow growth."

He said the slowdown and regression of growth levels may intensify if the current social unrest continues, further deteriorating the country's image in the eyes of foreign investors.

He also said the economic growth in 1990-94 was due, to a great extent, to the repatriation of money Panamanians had abroad.

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Argentina

Commentary, Reportage on Menem Election Victory

Polls Show First Round Victory for Menem

PY1205211395 Buenos Aires LA NACION in Spanish 12 May 95 p 1

[FBIS Translated Text] With the general elections only 48 hours away, public opinion polls conducted by the leading national pollsters forecast President Carlos Menem's victory in the first round.

While a Gallup Argentina poll shows that the PJ [Justicialist Party] will obtain 46.2 percent of the vote, a survey by Julio Aurelio indicates that the ruling party will poll 45.3 percent, and another by Mora y Araujo, Noguera y Asociados reported that Menem will receive 47.2 percent of the vote. Undecided voters were projected in all three surveys.

The Gallup poll indicates that Jose Octavio Bordon [Front for a Country in Solidarity, Frepaso, candidate] will obtain 33.3 percent, whereas Horacio Massaccesi [Radical Civic Union, UCR, candidate] will poll 16 percent of the vote.

According to Aurelio's figures, Frepaso will receive 33.8 percent and the UCR 16.1 percent. This pollster, however, has two hypotheses that each include a corresponding margin of error — one that would give the PJ a ceiling of 47 percent, and another giving it a floor of 43.6 percent. As for Frepaso, Aurelio contends it ranges between a ceiling of 35.4 percent and a floor of 32.2 percent. Concerning the UCR, Aurelio's survey shows it could obtain a ceiling of 17.3 percent and a floor of 14.9 percent.

Mora y Araujo reported that the results of his survey give a projected 33.1 percent for Bordon and 14.2 percent for Massaccesi.

Gallup conducted its survey among 2,314 persons from 3 to 10 May. Aurelio polled 3,516 persons until 11 May inclusive, and 2,097 people were surveyed by Mora y Araujo between 21 April and 8 May.

Menem's PJ Supremely Confident

PY1305034395 Buenos Aires TELAM in Spanish 2005 GMT 12 May 95

[Report by Alberto H. Emaldi]

[FBIS Translated Text] Buenos Aires, 12 May (TELAM) — Exhibiting the pillars of the transformation launched in 1989 — economic stability and domestic growth — as in a showcase, the Justicialist Party [PJ] confidently awaits the 14 May elections, in which it aspires to win a second consecutive term of office for President Carlos Menem.

The "Five Year Plan" submitted two weeks ago, the investments of over 1 billion pesos planned for public works, education, and housing, and an all-out fight against unemployment constitute the central objectives of a possible second Menem presidency.

Following the reform of the Constitution that allowed the possibility of the president's reelection, the Peronists will once again field Menem's candidacy for the presidency.

Menem's running mate on the PJ presidential ticket — which was decided in the first days of the year without holding any primaries, as there were no candidates competing with the head of state — is Carlos Ruckauf, a former interior minister, deputy, and ambassador.

Basing themselves on the good performances by the PJ in the elections in Buenos Aires Province over the last few years, and on the increase in the PJ vote in other provinces since 1989, the main PJ leaders sailed into the election campaign expressing their confidence that the Menem-Ruckauf ticket will obtain over 45 percent of the vote.

With such a percentage the Peronists would thus secure reelection without a runoff election, which would be held if they do not receive 45 percent of the vote or if the difference with the runner- up is under 10 percentage points.

A runoff election was also the outcome of last year's constitutional reform, which was given the go-ahead following the historic "Olivos Pact" signed between President Menem and UCR President Raul Alfonsin.

The PJ comes to these elections, in which provincial authorities will be renewed in most of the constituencies, having control of 13 provinces besides the federal trusteeship in Santiago del Estero Province.

The power commanded by the PJ in the mid-term parliamentary elections of October 1993, and in the April 1994 elections to nominate members of the Constituent Assembly, gives the ruling party greater possibilities of being voted in on 14 May.

The election campaign stage-managed by Menem revolved around a vigorous defense of the things done so far by the present administration. Among other obstacles, it had to overcome the so- called international financial crisis of February that originated in Mexico and was popularly known as the "tequila effect."

At the outset of the election campaign Menem found himself in a dreadful personal plight due to the tragic

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death of his son Carlos, who died in a helicopter accident in mid-March.

The banners of economic stability, GDP growth, and the transformation initiated in 1989 constitute the PJ springboard for catapulting it into power for a second time.

Another priority of the Menem administration, if in winning Sunday's election it gains a second term of office, is to bring about veritable social justice.

The electoral map that the PJ has traced shows that it will carry the main constituencies in the country, with a strong majority in the provinces of Buenos Aires, Entre Rios, Santa Fe, Tucuman, La Pampa, and Mendoza.

The PJ will also receive a considerable number of votes in the provinces of Santiago del Estero, La Rioja, and Cordoba, where it aspires to win so as to end the hegemony the UCR has had since 1983.

In the provinces of Misiones, Chaco, San Luis, San Juan, and Catamarca, the PJ expects to poll a considerable number of votes, which would be added to the final nationwide count.

The Peronists even believe that the city of Buenos Aires, which has always been a tough nut for them to crack, will become the surprise of election day, considering that in the latest presidential elections the Menem-Eduardo Duhalde ticket managed to carry that district.

Feeling confident of receiving the necessary votes to avoid a runoff, and convinced of the need to make headway in the reform process commenced six years ago, the Justicialists expect to do as well as back in 1989, when Menem polled over 47 percent of the vote.

Elections Under Way; Menem Votes in La Rioja

PA1405132895 Madrid EFE in Spanish 1136 GMT 14 May 95

[FBIS Translated Text] La Rioja (Argentina), 14 May (EFE) — President Carlos Menem today maintained his habit of getting up early and voted in Argentina's general elections, which got under way at 0800 (1100 GMT). Menem, 64, who voted at a polling station at the Palace of Courts in La Rioja, is seeking reelection for the 1995-1999 presidential term as the candidate of the Justicialist Party.

President Menem was the first person to register his vote in the ballot box at the Palace of Courts just after the electoral centers opened their doors at 0800 today. Since Friday, Menem has been resting in his hometown of Anillaco in La Rioja Province — one of the poorest provinces in Argentina, located some 1,170 km northwest of Buenos Aires.

Elections Proceed 'With Total Normalcy'

PY1405215095 Buenos Aires TELAM in Spanish 1503 GMT 14 May 95

[FBIS Translated Excerpt] Buenos Aires, 14 May (TELAM) — Argentine general elections — in which more than 22 million citizens who are eligible to vote will elect the president who is going to rule the country until 1999 directly — are taking place with total normalcy and without any incidents.

The polls officially opened at 0800 local time, although some delay was reported at some polling stations in the provinces of Corrientes, Santiago del Estero, Chaco, and Misiones due to adverse weather conditions.

The people of the country are going to the polls today to elect a new president and vice president from among 14 official tickets, 14 provincial governors, and provincial and municipal authorities, as well as to renew half of the Chamber of Deputies.

Two of the leading presidential candidates — Carlos Menem from the Justicialist Party and Jose Bordon from the Front for a Country in Solidarity — were among the first to cast their votes.

The president, the first to enter the polling booth where he is registered to vote in the courthouse of La Rioja Province, made some comments underscoring the values of democracy, which was reinstated in Argentina in 1983, and the importance of the consolidation of the institutional process launched in that year.

Menem made some brief remarks after recording his vote, pointing out that "we Argentines managed to reinstate democracy in 1983. Nothing and no one will now be able to prevent our living in peace and freedom."

Bordon, went to the polling station located in Godoy Cruz, Mendoza Province, at 1000 local time, but could only vote at 1100. Before that, he had breakfast at home with the reporters covering his activities.

Bordon announced his intention of staying in Mendoza the whole day and following the results of the polls from his home, although he did not rule out the possibility of traveling to the city of Buenos Aires "if necessary."

Radical Civic Union sources reported at midday that their presidential candidate, Horacio Massaccesi, had not yet voted, but that he would do so at around 1230 at school No. 253 of Villa Regina, in Rio Negro Province.

[Buenos Aires TELAM in Spanish at 1408 GMT on 14 May, in a related report on the progress of the Argentine elections, notes the following: "Interior Minister Carlos Corach commented today that elections were taking place with total normalcy nationwide and contended that

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Argentines should feel proud of being able to elect their third president in a row.

"After casting his vote at polling station No. 6039 at Escuela Normal Sarmiento, located at 450 Callao Street, Corach said: 'Argentines can feel proud of themselves as they elect — after nearly 70 years — the third consecutive constitutional president.' The interior minister ruled out the possibility of any irregularities taking place during the election, noting that 'there is strict control by all political parties.'

"Corach stressed that the voting process began 'normally' throughout the country, although he conceded that 'there was some delay in Formosa and Chaco provinces due to heavy rains.'

"He also expressed his satisfaction because 'this election campaign took place with calmness, responsibility, and lack of abuse.'"]

TV Polls Give Menem Victory

PY1405215895 Buenos Aires TELAM in Spanish 2113 GMT 14 May 95

[FBIS Translated Text] Buenos Aires, 14 May (TELAM) — The four private open television channels from the city of Buenos Aires released at 1800 local time [2100 GMT] the result of exit polls conducted throughout the country. They agree in concluding that [President Carlos] Menem has been reelected, as he has obtained around 47 percent of the vote.

Channels 9 and 13 reported that Menem garnered 47.7 percent of the vote, whereas America 2 gave him 47.0 percent, and Channel 11 (Telefe LS84 Television Network) reported that he received 46 percent of the vote. The four television stations were of one mind about the fact that Jose Bordon, the Frepaso [Front for a Country in Solidarity] presidential candidate, is the runner-up in this election with 32-36.9 percent of the vote.

TELAM Exit Poll Shows Menem Successful

PY1405223695 Buenos Aires TELAM in Spanish 2117 GMT 14 May 95

[FBIS Translated Text] Buenos Aires, 14 May (TELAM) — President Carlos Menem has been voted into office for a second consecutive time. He has received 47 percent of the vote, thus avoiding the need to hold a run-off election.

According to an exit poll conducted by the company Analogias exclusively for TELAM news agency, Jose Bordon, the presidential candidate for the Frepaso [Front for a Country in Solidarity], came out second with 31.7 percent of the vote, whereas Horacio Massaccesi, the UCR [Radical Civic Union] presidential candidate came out third with 17.6 percent.

According to this exit poll, Aldo Rico's Modin [Movement for Independence and Dignity] received 1.7 percent of the vote, while the remaining political parties received 2 percent of the vote.

The exit poll also revealed that the PJ [Justicialist Party] ticket comprising [Carlos] Menem-[Carlos] Ruckauf steamrolled the opposition in Buenos Aires Province with 50.3 percent of the vote as opposed to the 31.1 percent obtained by the Frepaso slate.

Massaccesi came out third in that constituency with 14.1 percent, while the Modin received 2.7 percent. Other parties obtained 1.8 percent.

Moreover, there was also a PJ landslide in Buenos Aires Province, where Governor Eduardo Duhalde obtained 55.8 percent of the vote, followed by Frepaso candidate Carlos Auyero with 22.7 percent, and UCR Pascual Cappelleri with 16.9 percent.

Analogias reported that this exit poll was conducted among 22,000 persons from 124 towns throughout the country.

It further reported that Bordon carried off the city of Buenos Aires with 45.5 percent, followed by Menem, with 39.3 percent; Massaccesi, with 12.1 percent; the Modin, with 0.8 percent; and the remaining tickets, with 2.3 percent.

Neighboring Countries' Presidents Congratulate Menem

PY1405235995 Buenos Aires TELAM in Spanish 2259 GMT 14 May 95

[FBIS Translated Text] Buenos Aires, 14 May (TELAM) — This evening, President Carlos Menem began to receive congratulations on his victory in the 14 May election — which ensures his reelection in the first round — from heads of states of neighboring countries.

Government sources reported that the Brazilian minister for sports, the famous former football player Pele, also telephoned Menem to personally congratulate him on his victory.

Menem, who is currently at Government House, also received telephone calls from Uruguayan President Julio Maria Sanguinetti, Paraguayan President Juan Carlos Wasmosy, and Bolivian President Gonzalo Sanchez de Lozada, all of whom conveyed their congratulations to their Argentine counterpart.

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Vote Count for President, Deputies Transmitted

PY1505060595 Buenos Aires TELAM in Spanish 0440 GMT 15 May 95

[FBIS Translated Text] The following is an update of the official general election vote count nationwide released by the Interior Ministry:

Presidential Ticket	No. of Votes — Percentage
List 02 Menem-Ruckauf	4,811,447 — 48.42
List 03 Massaccesi-Hernandez	1,612,216 — 16.22
List 22 Mendez-Ambrosio	19,676 — 0.19
List 27 Santucho-Antognazzi	6,820 — 0.16
List 30 Mazzitelli-Fonseca	17,377 — 0.17
List 34 Zavalia-Benejam	63,300 — 0.63
List 37 Rico-Fernadez Pezzano	162,924 — 1.63
List 38 Zamora-Diaz	29,586 — 0.29
List 40 Tumini-Reyna	13,992 — 0.14
List 41 Paz-Gonzalez Chavez	2,289 — 0.02
List 42 Altamira-Molle	18,267 — 0.18
List 43 Solanas-Inizcoz	44,579 — 0.44
List 44 Christiensen-Montes	16,818 — 0.16
List 46 Bordon-Alvarez	3,106,667 — 31.26
Partial total	9,936,141 — 100 percent
Blank votes	265,879
Null votes	76,343
Observed votes	13,104
Total votes	10,291,467

Parties and Alliances	National Deputies Votes — Percentage
Justicialist Party	3,824,456 — 39.44
Front for a Country in Solidarity	2,215,951 — 22.85
Radical Civic Union	2,063,725 — 21.28
Center Democratic Union	364,141 — 3.75
Movement for Dignity and Independence	154,019 — 1.58
Progressive Democratic Party	137,243 — 1.41
Republican Force	122,442 — 1.26
Rec. Et. [expansion unknown] Alliance	93,818 — 0.96
Pensioners Front	75,681 — 0.78
Federal Party	55,615 — 0.57
South Alliance	54,029 — 0.55
Authentic Socialist Party	22,898 — 0.23
Socialist Workers Movement	17,426 — 0.17
Solidarity Confederation	17,209 — 0.17
Integration and Development Movement	10,786 — 0.11
Grand Front	10,764 — 0.11
Free Fatherland Convergence	10,098 — 0.10
Social Affirmation Movement	9,647 — 0.09
Workers Party	9,459 — 0.09
Humanist Party	7,269 — 0.07
Fut-O [expansion unknown] Alliance	5,314 — 0.05
Mas-P [expansion unknown] Alliance	4,131 — 0.04
Christian Democratic Party	2,406 — 0.02
Front for a Patriotic Agreement	1,793 — 0.01
Intransigent Party	1,514 — 0.01
Labor and People's Party	1,379 — 0.01
Autonomist Party	714 — 0.00
Popular Union Party	564 — 0.00
Anti Imperialist People's Democratic Movement	153 — 0.00
Communist Party	103 — 0.00
Constitutional Nationalist Party	0 — 0.00
Partial total	9,694,789 — 100
Blank votes	410,227
Null votes	65,560
Observed votes	10,990
Total votes	10,181,566
Percentage of votes counted	46.4

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Frepaso's Bordon Notes Electoral 'Trends'

PY1505005895 Buenos Aires Argentina Televisora Color Network in Spanish 2355 GMT 15 May 95

[Report by Viviana Viggino from Frepaso, Front for a Country in Solidarity, headquarters at the Hotel Savoy in Buenos Aires]

[FBIS Translated Excerpt] Here we have with us the Frepaso presidential and vice presidential candidates, Jose Bordon and Carlos "Chacho" Alvarez, respectively. Let us listen to what Bordon has to say:

[Bordon] [passage omitted] Lastly, with humility, but also with the responsibility we have to guarantee the best institutional quality for the country, we would like to say at this time in the evening — when approximately 2 percent of the votes have been tallied — we acknowledge that there are already two trends. The first is that the ruling party — despite the serious problems confronting many Argentines — has had quite a significant performance in this election, and nobody can deny that it has won this election. The second trend is the extraordinary performance of the Frepaso in this election —there is no doubt whatsoever that it is the runner-up. I would also like to tell you that we are going to come back to this room to talk to the press, and to all the Argentine people, when the results of exit polls give a definite trend. In saying this, we do not want to deny or confirm exit poll results, which we respect from a technical point of view, as we have done all public opinion polls. However, from an institutional standpoint, we believe that conceding defeat when there are provinces that have not yet sent a single result, and when only 2 percent of the votes have been counted thus far, would constitute a very bad institutional record for us. We want to be very clear about this — we will only accept the sovereign decision of the people. I think we would do a disservice to the people and to the future of democratic institutions if we were to say that these are the final results of the poll. [passage omitted]

Frepaso's Candidate Concedes Defeat

PY1505032495 Buenos Aires Argentina Televisora Color Network in Spanish 0205 GMT 15 May 95

[FBIS Translated Excerpt] Let us go to the Frepaso [Front for a Country in Solidarity] headquarters at the Savoy Hotel.

[Begin Frepaso Presidential Candidate Jose Bordon recording] We said we were going to make a public statement about the final results of the poll once a considerable and representative number of votes had been tallied. At this juncture, we would like to publicly acknowledge the sovereign will of the Argentine people, who have given the ruling party ticket comprising [Carlos] Menem-[Carlos] Ruckauf the right to govern our country as of July this year. We concede defeat with the deep respect our people and their sovereign will deserve. We would also like to thank the Argentine people, from the bottom of our hearts, for the possibility they have given to our political force — which campaigned for 60 days and spent the least amount of money ever recorded in an election campaign — to become the main opposition force in our country. We have a responsibility to the seven million Argentines who voted for us, and we know the mandate they have given us. That mandate is to work so that in Argentina, democracy is increasingly more open, independent justice is a reality, economic growth achieves an equitable distribution of wealth, the scourge of unprecedented unemployment is overcome, and education and medical care constitute instruments of equality and not of social inequality. [passage omitted]

Results Show Menem Wins in Mendoza Province

PY1505014895 Buenos Aires Telefe LS84 Television Network in Spanish 0045 GMT 15 May 95

[Report by Fanny Mandelbaun from Mendoza Province]

[FBIS Translated Text] We are at present at the Frepaso [Front for a Country in Solidarity] headquarters, where we are awaiting the results of the poll. As you well know, Frepaso presidential candidate Jose Bordon is in the city of Buenos Aires. The following are the latest official results we have received for Mendoza governor: The PJ [Justicialist Party] received 42 percent of the vote and the alliance between the Frepaso and the UCR, Radical Civic Union, obtained 43 percent. The results for the presidential election are as follows: 46 percent for the PJ [President Carlos Menem] and 35.5 percent for the Frepaso [Jose Bordon].

Massaccesi Concedes Defeat

PY1505050795 Buenos Aires TELAM in Spanish 0357 GMT 15 May 95

[FBIS Translated Text] Viedma, 14 May (TELAM) — Long after midnight, Radical Civic Union [UCR] presidential candidate Horacio Massaccesi acknowledged "the Justicialist Party's brilliant victory throughout the country, including Rio Negro" Province.

Massaccesi called a news conference, in which he conceded defeat, although he pointed out that "the UCR has maintained control of the four provinces in which it was ruling, including our province" [of Rio Negro].

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Brazil

False Document Used by ESCA in Sivam Bidding Seized

PY1305013795 Sao Paulo FOLHA DE SAO PAULO in Portuguese 11 May 95 Section 1 p 4

[Report by Vivaldo de Souza and Gustavo Krieger in Brasilia]

[FBIS Translated Text] INSS [National Social Security Institute] inspectors seized on 8 May in Sao Paulo a false CND (Nondebt Certificate) issued to ESCA (Automation and Control Systems Engineering).

ESCA was chosen by the government to manage the Sivam (Amazon Region Surveillance System) project, and was to receive $120 million for its services.

The false CND, which is dated 15 July 1994, was used by ESCA to participate in the Embratel (Brazilian Telecommunications Company) bidding.

Last week, in the face of charges that ESCA may have committed fraud against the social security system, Embratel asked the INSS to investigate whether the CND was authentic.

The INSS Coordinating Office for Revenues and Inspections in Sao Paulo seized the CND and concluded that it is false. The CND serial number (001860) does not exist in INSS records, and the signature of the manager of the INSS post in Osasco (greater Sao Paulo). Elsa Ines da Silva Sampaio, is a forgery.

The CND is a document through which companies can prove that they are up to date in their social security payments.

Companies are required to present this document, which is valid for three months, to participate in a public tender or to sign a contract with the government.

The Social Security Ministry press office reported that it has no records of any CND issued to ESCA since August 1993.

The last CND issued to ESCA was numbered 775690 (C Series) and expired on 9 November 1993.

ESCA claims to have obtained five CND's between November 1993 and December 1994. Because the INSS has no records of these documents, the validity of all them has been questioned.

ESCA itself admitted that these CND's may be false, and put the blame on its accounting firm.

A copy of the seized CND was obtained by FOLHA. The Social Security Ministry press office confirmed the seizure of the document, and reported that the INSS Superintendency in Sao Paulo is investigating the case.

Deputy Arlindo Chinaglia (Workers Party-Sao Paulo) earlier charged ESCA with having used false social security collection receipts.

The charges have been confirmed by the INSS, which is scheoduled to complete a report on the social security debts of the ESCA group by 12 May.

Informed by FOLHA about the seizure of the false CND, Chinaglia said that he plans to file a petition before a federal court today to prevent the signing of the contract. He said he had known about the CND, but was unable to obtain proof of its existence at the INSS.

Chinaglia said he is going to ask the courts to annul the process that resulted in the selection of ESCA and Raytheon, which will be responsible for the supply and assembly of the Sivam equipment.

Chinaglia also wants ESCA to be declared unqualified (unfit to implement the project).

Commentator Wants Sivam Built Domestically

PY1205181095 Sao Paulo FOLHA DE SAO PAULO in Portuguese 9 May 95 Section 1 p 3

[From the "Trends and Debates" column by Rogerio Cezar de Cerqueira Leite, physicist and professor emeritus of the Campinas State University: "The Sivam, Amazon Region Surveillance System, Project: Shall We Buy It or Build It?"]

[FBIS Translated Text] "Whoever forgets history is condemned to repeating the same mistakes." This saying seems to have been written by one of those arrogant English lords — even if he never came to know Brazil.

Whenever our country needs a sizable undertaking — implementation of which calls for technological capacity — we find ourselves facing two possibilities: Either we make it with our own hands and minds, or we buy equipment, projects, services by third parties, etc.

Each possibilty has its advantages and disadvantages, and selection of one of them depends on circumstances, on a case-by-case basis.

The idea — even though not shared by many — that Brazil will need nuclear energy in a not very distant future has led the country, first, to buy the Angra 1 reactor from Westinghouse, and second, to contract the gigantic package known as the "Brazil- Germany nuclear agreement" with a German entrepreneurial consortium.

Under the terms of this contract, Germany would supply reactors, a uranium enrichment plant, a spent fuel reprocessing plant, and other items.

In more than 50 percent of its useful life, Angra 1, which was purchased from Westinghouse, produced less than

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3 percent of its total cost. As for the Brazil-Germany agreement, the two reactors that were first purchased — out of the eight provided for by the contract — became worthless. The uranium enrichment plant does not work, and Germany did not develop the reprocessing plant. In this transaction, Brazil purchased a handful of junk for approximately $7 billion, while learning very little or nothing.

In the meantime, a group of Brazilians under Navy coordination decided to work with the first possibility. They successfully developed the uranium enrichment technology through ultracentrifugation, the technology that Germany concealed from Brazil.

At the same time, small reactors were built, while work in several other nuclear technology areas progressed.

Had the program not been systematically boycotted as of the Fernando Collor administration, when the "voluntary servitude" policy was inaugurated, Brazil today might have been an autonomous country in the area of nuclear fuel production and nuclear energy production with medium-size reactors.

This program thus far has cost a little more than $300 million, 23 times less than the Brazil-Germany agreement.

Whether or not Brazil needs nuclear energy or technology is another problem. With this example, what we want to show is that the apparently pragmatic course of buying a turnkey project is not appropriate for technologically sophisticated sectors.

We will now mention another example. A little more than 10 years ago, a decision was made to make available to the Brazilian scientific and technological community a synchroton for producing high-intensity electromagnetic radiation. The classical dilemma of the possibilities immediately emerged. Shall we buy it or build it? Shall we rest or work?

The majority believed that building the project at home was impossible. We were not skillful. Much less complex synchrotons like the Peletron and the Sao Paulo linear accelerator were purchased.

There was still, however, the lone example of an obsessive general, Argos Moreyra, who built — practically with his own hands — small-size synchrotons all over Brazil. Fortunately, circumstances made the Campinas group position prevail.

Today, the U.S. Baton Rouge synchroton started operating with two full "light lines" that were entirely designed and built in Brazil!

The European Community purchased and is using what it calls the "Brazilian monochromator" — which was invented and built here in Brazil — for its largest synchroton for production of electromagnetic radiation.

Germany, with formidable technological capability, has already sold equipment worth hundreds of millions of dollars to Brazil, but it resorted to the National Synchroton Light Laboratory (LNLS) for building the electrical part of the electron storaging ring equipment.

The LNLS magnet factory is already supplying domestic industry, while the entire "retrofitting" [preceding word in English] of Eletrometal Inc. was designed and built by the LNLS.

The Brazilian synchroton cost only $40 million, while Taiwan's synchroton cost $200 million and Korea's $180 million, both of which are, in several areas, inferior to the Brazilian synchroton.

Brazil developed and installed its fiber optics industry in the 1970's, before any European country. How many countries have an optical-electronic industry?

The main argument of the sectors that opposed the Navy project to independently design and build a uranium enrichment plant, and the CNPq (National Research Council) project to build a Brazilian synchroton, was Brazil's lack of experience and technological capacity.

This argument and attitude consolidate incompetence. Incidentally, there must have been a first day for each country that began to build its first synchroton and its first uranium enrichment plant. Before those specific days, no country had either the experience or the technological capacity.

Well, now I will shock both skeptical and optimistic people. Based on gross national product figures, Brazil has equaled Japan in the area of biological and mathematical sciences.

Based on the number of articles published by the newspapers listed in the Science Citation Index (SCI), Brazil's good-quality scientific production (excepting the field of human sciences) accounts for 0.5 percent of the world production. Brazil accounts for 1 percent of the gross world product. Japan contributes with 7.5 percent of SCI publications, while it accounts for 14 percent of the world product, therefore, the ratio of publications to the world product contribution is the same for the two countries.

The conclusion is that Brazil is a poor yet competent country for its economic development level. Those figures place Brazil at a level of scientific competence that is similar or superior to that of countries like Spain, Belgium, Austria, Sweden, and the Netherlands. Would anyone say that those countries are incapable of developing something like Sivam?

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And what would make this project inaccessible to Brazilian intelligence? We are skilled in the communications sector. It might be difficult or worthless producing "Klystrons." We will obviously buy conventional computers and components. Yet we can design and produce the other electronic devices.

A small Brazilian enterprise, Unisoma, has just defeated the Israeli Air Force (not in the air) and tens of multinational organizations, including gigantic Belcore, which operate in the area of data collection and control and decision-making systems, in a competition in which Unisoma presented the best results for systems. In this field, there are Brazilian enterprises that are ten times as big.

There are at list a dozen Brazilian enterprises that can develop data collection and decision-making systems suitable for a surveillance system of the size envisioned by Sivam.

We would obviously buy mobile radars from Sweden, just like Raytheon and Thomson would do. Yet nothing that those two enterprises can do would be an impossible task for Brazilian efforts.

Therefore, what are the advantages of contracting foreign enterprises? They say that first of all, implementation would be faster. Yet we cannot forget that Brazil has already paid a very high price for this reasoning. Angra 1, which was initially budgeted at $300 million, cost $2.5 billion and has not yet begun operating regularly. The nuclear agreement was buried.

Coalbra [Brazilian Coke and Alcohol Company], which should have produced alcohol in six months — through acid hydrolysis — with the first plant imported from the then USSR, after 15 years of efforts ended up using two liters of sulphuric acid for each liter of alcohol. The plant was closed.

Meanwhile, our own native Proalcool [Alcohol Production Program] is exporting technology all over the world. Another example is that of the imported coal-fueled electric power plants, which so far remain dormant in their splendid cradle.

Second, it has been claimed that that there would be more security and more reliability in a contract signed with a big enterprise like Raytheon or Thomson. Now, KWU-Siemens or Westinghouse are neither smaller nor less reliable. And we have already seen what happened with these enterprises.

The reason is that in those cases, security and reliability depend on technology. I have said for 20 years ("Technology and National Development," 1978, second edition, Duas Cidades Publishing House) that the efficiency of any technology transfer process depends on the receiving country, on its technological skill, and not on the supplier's skill.

In this case, in order to have security and reliability, the user must be skillful. In order to make the user skillful, it is absolutely necessary to put him to work. Being a supervisor, an attentive observer — as had been proposed for the symbiotic ESCA — is not enough. This enterprise is so skillful that it is on the brink of bankruptcy.

Why wasn't a national tender made, not for the ambiguous role proposed for ESCA, but for designing, developing and building the network within the specifications? What are the disadvantages? What are the advantages?

A predictable disadvantage is that it will certainly be much cheaper. And in Brazil — we already know it — the larger the project, the easier its approval.

A possible disadvantage is the obvious delay. Fine, but the result will be consolidated by the increased national technological capacity. And everyone knows that national security is equivalent to knowledge and technological capacity. Military weapons are needed only in some circumstances. What is the use of increasing Raytheon's technological capacity?

A project of this magnitude has immense technical and economic implications for the country that develops it. And even the indirect benefits, the "spin-offs" [preceding term in English], will justify its implementation, yet only if implemented in Brazil. If it is built abroad, all the benefits will go abroad. Doesn't this government of economists wonder why Clinton and Mitterrand tried so hard?

Well, the right procedure would begin with a national tender for building the entire surveillance system. Partnerships with foreign enterprises might be accepted if no local consortium formed for this purpose appears to be capable of implementing the project. Only in this way will technology be transferred to Brazil.

Judging by the countless examples in the history of the large national projects that we mentioned here, large savings could be realized.

Chile

Joining Mercosur, NAFTA To Affect Agriculture

PY1305030995 Santiago EL MERCURIO in Spanish 3 May 95 p B3

[FBIS Translated Text] According to a study carried out by economists Jorge Quiroz, Felipe Larrain, and Raul

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Laban at the request of the National Agricultural Association (SNA), a Chilean partnership with Mercosur [Common Market of the South] would only have negative effects on the traditional crops of the agricultural sector.

The report assesses the consequences of a link with Mercosur as well as with NAFTA. The study comes to the conclusion that in the case of a partnership with NAFTA only traditional crops will be affected, namely wheat, corn, and probably rice, while the sale of others will not be affected and, in same cases, products such as beets will partially improve.

With Mercosur, on the other hand, in addition to wheat and corn, oleaginous seeds will suffer significantly. Sugar and beets will probably suffer effects ranging from uncertain to negative. These great consequences refer to exports, as Mercosur in general is not a great market for Chilean agricultural and agro-industrial goods, except for tomato puree.

The study goes on to point out that with either of these two treaties wheat, corn, and rice will face serious problems. In the case of a partnership with both NAFTA and Mercosur, it is estimated that the area of cultivated wheat will shrink an average of 22 percent, and income will drop by 48 percent.

It goes on to point out that "in either of the two agreements the most affected areas will be the Seventh, Eighth, and Ninth Regions, where the traditional crops are most significant."

According to the study, if Chile joins Mercosur the effects on traditional crops would be strong enough to believe that in addition to the agricultural sectors' structural competitivity problem, it would definitely cause a radical change in the national agricultural structure.

The study maintains that "an additional price drop in items such as rice, wheat, rape, maravilla, beets, and beef would end up affecting the relative value of land, and consequently the entire productive structure."

Within this context it adds that although it is hard to reach conclusions, it is quite likely that these changes would contribute to changes toward greater exploitation, more mechanized production methods, and more extensive strategies. "The substitution mechanism suggests that in the long term all changes tilt traditional agricultural production toward greater livestock production."

As for oleaginous seeds, the survey states that with NAFTA, although they are not directly affected, they suffer the same effects that wheat will suffer, because the rotation system and the reduction in cultivated area place in danger the oil extracting industry, which already has excessive installed capacity.

The elimination of custom tariffs resulting from an entry into Mercosur would definitely end oleaginous seed farming.

The study carried out by the economists also reveals that an agreement with Mercosur would benefit the fruit, vegetable, livestock, and wine production fields, among others.

In the case of NAFTA, the sectors that would clearly benefit are even fewer. They are restricted to table grapes, kiwi fruit, plums, peaches, pears, avocados, asparagus, peppers, and wines.

Lifting of Exchange Restrictions Viewed

95SM0317B Santiago EL MERCURIO in Spanish 18 Apr 95 p B18

[Commentary entitled: "Maintaining Exchange Restrictions Is No Longer Justified"]

[FBIS Translated Text] On 19 April the Central Bank—as it does every year—will have to decide whether to lift the exchange restrictions; renew them for one year; or modify them marginally, as it did in 1994.

The justification for maintaining the exchange restrictions—namely, that they are necessary in order to maintain the stability of the currency or to finance the balance of payments—becomes increasingly tenuous and artificial when viewed in the light of objective, compelling facts and when contrasted with economic logic, which calls for freeing up the capital account.

The external sector of the Chilean economy is particularly robust, with international reserves of $14 billion; exports increasing by 26 percent; a sovereign risk rating of BBB plus, which gives Chile access to international markets; a high ranking in international competition; and a savings rate of 28 percent of the GDP, which gives Chile a sufficient measure of independence from external financing.

In addition, the Chilean economy is enjoying macroeconomic equilibrium; there is a good level of political stability; and the foreign debt is of moderate dimensions. Moreover, the world economy is also experiencing sustained high levels of activity.

Given this level of external economic strength, the increasing stability, and the degree of solvency, it would be difficult to argue that lifting the restrictions should be delayed for reasons relating to the balance of payments or to economic stability.

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Moreover, the economic advisers are said to be increasingly opposed to Article 50 of the banking law and to the spirit of that article.

Some of the objectives or goals most often cited by the government and by the autonomous Central Bank are as follows:

a. Internationalization of the economy.

b. Modernization and economic efficiency.

c. Conversion of Chile into a "platform for entry" into Latin America, or into an "international marketplace."

If the exchange restrictions are not eliminated very shortly, these objectives will prove to be absolutely inconsistent and incompatible with an environment of permanent exchange restrictions.

Fiscal Policy Versus Monetary Policy

The inconsistency between fiscal policy and monetary policy has resulted in domestic interest rates that are higher than the international rates, which have been maintained because of the exchange controls.

These circumstances have helped to create a situation whereby the most recent balance sheet of the Central Bank reflected losses of more than $1.5 billion, which in turn caused the bank to draw down its resources by two-thirds. The bank is therefore increasingly dependent on the state, to which it will have to turn in order to recapitalize itself, thereby creating a situation which in addition to causing a substantive loss of the bank's autonomy vis-a—vis the political government would project a bad international image and probably have a negative effect on Chile's solvency rating.

At the present moment, in which the national interests and the objective facts support the concept of bringing change to the nation through the sacrificial efforts to achieve economic transformation that all Chileans have been making over a period of many years, it would be a mistake to allow this legitimate opportunity to pass—the opportunity to emphasize Chile's solvency by means of political actions such as:

a. Prepayment of Chile's high-cost foreign debt by expending international reserves that yield a low return.

b. A moderate reduction in tariffs, which remain high at a level of 11 percent.

c. More rapid elimination of exchange restrictions, which are daily more inefficient and costly for the nation in terms of productivity and international competitiveness, in addition to being a heavy financial burden that could leave the Central Bank without resources.

d. Disseminate better information abroad with respect to standards of quality and promptness, which are comparable to the standards of Asian countries.

Regrettably, no timely progress is observable in terms of actions that are an essential component of change. Instead, what we have had is the labor reform, which tends to rigidify the labor markets; a potential legal conflict between the Central Bank and the commercial banks with regard to the capitalizations; the paralysis of efforts to modernize and internationalize the banking sector; and a lack of action with respect to the privatizations. Taken together, these circumstances send a signal that is regressive and contrary to the national interest in terms of Chile's integration into the international community.

Economic theory and practice are clearly exemplified by the fact that the exchange controls—which were temporarily effective at first—have subsequently been generating inefficiency and discrimination among medium-sized and small enterprises.

Moreover, these controls are increasingly less useful in curbing the flow of short-term capital, which is motivated by the differential in interest rates and Chile's low sovereign risk rating.

The exchange controls have further demonstrated their notorious uselessness by their failure to prevent exchange crises. Indeed, Chile's history proves that it was precisely when it had the strictest controls that it experienced chronic crises in its balance of payments. Moreover, the countries of central and eastern Europe—which had the most highly perfected systems of exchange control—lapsed into total insolvency, from which it has taken them years to begin to recover by moving toward a market economy and the goal of convertibility.

For its recovery, Mexico has chosen not to correct its lack of exchange restrictions but instead to adopt macroeconomic and structural policies that will increase the efficiency and competitiveness of its economy and, above all, increase domestic savings rates to levels such as those achieved by Chile, which provide an adequate measure of independence and external solvency.

The Present Situation

What advantages would derive from initiating a more liberal exchange policy today?

In the first place, international economic trends are favorable. The anticipated increase in prices and in international interest rates will reduce the interest rate spread, which caused the problems that led to the increase in our exchange controls.

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In the second place, the Latin American risk has also increased and is making foreign credit more expensive once again. That is to say, the increase in the cost of foreign credit parallels the increase in international interest rates.

In the third place, the new Chilean government has insisted that it will change fiscal policy by controlling the growth of public spending, by modernizing the operations of the state and of the state enterprises, and by emphasizing with equal vigor its firm intention to implement policies that will promote increased productivity.

Now that the external situation is improved, the new emphasis on fiscal matters clarified, and the production challenge that we face as a nation adequately met, it is time to utilize our comparative advantages not only in the markets for goods but also in the markets for services, and financial services in particular.

No substantive arguments remain to justify maintaining a barrier against international trade in financial services. On the contrary, retention of the existing barrier could be interpreted in the world markets as a lack of determination to implement the sound fiscal policies that have been announced.

Enami Investments, Modernization Outlined

95SM0317A Santiago EL MERCURIO in Spanish 18 Apr 95 pp B1, B6

[FBIS Translated Text] The government yesterday ruled out the total or partial privatization of the National Mining Enterprise (Enami), explaining that the investments in the depollution projects as well as in the Paipote and Ventanas expansion projects will be made with funds obtained from two sources: debt financing by Enami itself, and the sale of assets that are regarded as dispensable.

Undersecretary Sergio Hernandez had previously lent credence to the possibility that private parties could share in the ownership of some of Enami's subsidiaries.

Yesterday's announcement was made by Enami Executive Vice President Claudio Agostini, who incidentally spoke of the company's principal projects; its modernization program, which is now under way; and its future policy on prices.

An interesting topic currently under study is a proposal to establish a fund for the stabilization of Enami's prices. This fund would be augmented whenever the price of copper is rising, and similarly, sums would be withdrawn to compensate for any price decreases. The object of all this is to ensure greater price stability over a longer period of time for the benefit of medium-and small-scale producers.

This proposal is being studied with a view to determining the manner in which it would be carried out and what the reference prices would be.

For the present, Agostini said that because of the success that has been achieved, Enami will continue to operate in futures markets, always with the clear objective of ensuring more stable revenues for medium- and small-scale mining—the sector with which Enami works.

He further stated that Enami has an investment budget of $150 million for the period 1995-97 [as published; appears elsewhere as 1995-99]. It will be financed by the sale of assets that are regarded as dispensable and by debt financing, thereby ruling out for the present any participation by private capital in the ownership of the Ventanas refinery, the Paipote smelter, or the plants owned by Enami.

Concerning this point, Agostini said that the presence of private parties is being contemplated merely for projects involving the exploration or exploitation of Enami's own mining properties or of those being transferred to it by Codelco [Copper Corporation] by virtue of the law that has been in effect since 1992.

He also stated that Enami has decided to play a more active role in connection with the former Codelco properties, and that it is evaluating—in conjunction with Sernageomin [National Geological and Mining Service]—prospective sites currently owned by Codelco to see whether they have a potential that corresponds to Enami's interests.

Investment Plans

Turning to Enami's investment plan, Agostini said that funding on the order of $40 million has been provided for this year, earmarked primarily for the Paipote smelter and the Ventanas refinery. A total of $150 million is budgeted for the entire period 1995-99.

The most important project at Paipote is the installation of a new plant for acids that was acquired from the Chagres de Disputada smelter at Las Condes. The plant will be moved and installed by the end of this year and will go into operation in 1996.

This investment relates to Enami's depollution plan, which will make it possible to decrease the emissions of gases from the Paipote facility, heretofore regarded as one of the major industrial sources of pollution in Region III.

It should be emphasized that Paipote's smelting capacity has reached 200,000 tons per year.

In the case of the Ventanas facility, bids are being asked for the purchase of equipment under the depollution

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plan. Expansion of the refinery will be initiated this year with the addition of a fifth circuit to the existing four. This investment will total $14.7 million—a figure approximating the investment projected for a sixth circuit that is scheduled for next year.

The refining capacity at Ventanas is accordingly expected to increase from the current 214,000 tons to between 300,000 and 350,000 tons in 1997. The smelting capacity will be maintained at around 380,000 tons.

Agostini said that according to estimates, the projected fifth circuit already has an assured supply of ore for the increased refining capacity that it will provide, and the sixth circuit an assured supply for approximately 60 percent of the additional capacity that it will contribute.

Overall, Enami's investment plan for the next two years provides $64 million for Paipote, $43 million for Ventanas, and the remainder for various projects.

Modernization of Enami

Agostini then declared that the government's decision not to privatize Enami either completely or partially was followed by a decision to modernize the enterprise and make it as efficient as possible not only in respect to production but also in respect to its efforts in the area of development. Concerning this latter point, he said that Enami must determine the most profitable way to spend the $20 million allocated to it by the national treasury for the purpose.

He said it is precisely Enami's work in the area of development that is indispensable, because it enables the small- and medium-scale mining sector to have access to the international copper markets.

Agostini said that efforts are being made to find a solution to the problems of this sector, and that one of several proposals under study provides for opening a line of credit with Banestado [State Bank] to finance leasing [preceding word in English] contracts. Enami would act as guarantor to enable small- and medium-scale miners to acquire new equipment in order to improve productivity and modernize their operations.

Enami is also working with the banking sector and with Corfo [Production Development Corporation] to enable Enami to guarantee—from the technical standpoint—the viability of mining projects for the purpose of granting loans. Enami could also serve the banks as a collection agency.

Another proposal—but one of much greater scope—would analyze, mine by mine, the potential of each mine in order to determine its reserves and the most advantageous systems for their exploitation.

In conclusion, Agostini announced that a plan is being prepared to modernize Enami and enable it to operate as a holding company whose refineries, smelters, and treatment plants would each be able to operate as a 100 percent state-owned autonomous company.

It is hoped that the plan will be ready sometime in July or August to be transmitted to the executive branch prior to its introduction as a bill in Congress.

He said that Enami is already implementing the concept of a virtual holding company: that is to say, it is operating as if the bill had already become law, so as to enable each production unit to operate in a more autonomous manner. He further stated that the plan also seeks to reduce the size of the board of directors from the present 10 members to six or seven; to have the board members appointed by the president of the Republic; and to permit the international expansion of the enterprise, which has been studying the possibility of providing smelting and refining services in Argentina and Bolivia.

Colombia

Exporters Fear U.S. Economic Blockade

PA1505025995 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0130 GMT 15 May 95

[From the "AM/FM Newscast"]

[FBIS Translated Text] According to exporters, the United States is taking serious steps to implement an economic blockade against Colombia. The measure, if it is reached, would plunge us into total poverty in a short time. According to exporters, the U.S. Government does not have the political will to grant concessions to Colombia in any field. Relations are very difficult in the economic sphere and have gotten to the point that a blockade against our products has been mentioned. It is estimated that such an action would represent a loss of $400 millions a year and 200,000 jobs in the banana sector. This would trigger serious public order problems in Uraba. The same thing would happen in the flower sector. This industry depends directly on North American consumers as they constitute 80 percent of their costumers. At least 100,000 families depend directly and indirectly on the flower industry. Exporters say there are solutions at hand and we must make use of them. We have friends in the U.S. private industrial sector and, since our exports to this northern country continue to grow, we have to strengthen them.

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Officials React to DEA Director's Remarks

PA1305011895 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 2330 GMT 12 May 95

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] Three high-ranking Colombian officials reacted with near indignation to statements made in the United States by DEA Director Thomas Constantine, who said his country is losing the struggle against drugs partly because Colombia is not helping to destroy the Cali Cartel. Here are some reations to Constantine's remarks:

[Begin Vice President Humberto de la Calle recording] A policy of combating drug trafficking cannot be advanced by the fact that the DEA director now wants to turn Colombia into the sole scapegoat of the formidable problem of drug trafficking. There is no need to rend the clothes of our nation, because this would only benefit the domestic Mafias. There are problems here, and there are problems there, but what we need is international cooperation.

[Interior Minister Horacio Serpa] We think the U.S. authorities' lack of determination in the struggle against drug consumption and the struggle against drug kingpins — they have them over there, too — results in the pernicious encouragement of production and trafficking of cocaine in these countries.

[National Police Chief General Rosso Jose Serrano] Mr. Constantine recently made a recognition in Santo Domingo: Not only policemen are killed; journalists and magistrates are also killed, therefore, I think it is the police and this country that have done the most in the struggle against drug trafficking. [end recording]

In what appears to be a reaction to Constantine's faux pas today, the U.S. Embassy said this afternoon that the U.S. Government recognizes and admires the Samper administration's efforts to capture the cartel's leaders.

Prosecutor's Office Investigates Banks

95CA0225A Santa Fe de Bogota EL TIEMPO in Spanish 4 May 95 p 3A

[FBIS Translated Text] The checks for 5 million pesos issued to Eduardo Mestre under the heading of "monthly payments," which prompted the Prosecutor General's Office to issue an arrest warrant for the ex-senator, without benefit of release, are not even a fraction of the network of bank accounts and checks for millions of pesos that the authorities are beginning to untangle.

Although there has not been any conclusive evidence thus far to link the millions drawn by the drug traffic with the elections, the fact is that documents in the state's possession prove that the transactions coincide with the last congressional election period and the first and second rounds of voting to elect the president.

Through four accounts opened in the names of business firms that appear to be "fronts," according to the investigations, sums totaling nearly 13.8 billion pesos were drawn between March and June 1994.

All four accounts were opened at the Banco de Colombia's main branch in Cali, during the last days of February (only one was opened in December 1993). They were closed in early August of the same year.

Two of them, established in the name of Exportcafe Ltd. (number 024804-0) and La Estrella Agricultural-Livestock Marketing, Ltd. (number 024864-2) issued checks totaling 4.933 billion pesos during the month of June alone.

10 Checks in April

Ten checks (numbered from 3213788 to 3213797), totaling 2 billion pesos, were drawn on another one of the four accounts, opened in the firm name of El Diamante Agricultural Products Distributor, within just three days at the beginning of April.

At this point, the second phase of what some investigators believe could be the drug traffic's tactic begins to emerge. The checks were deposited in different accounts in other banks. Most of them were opened in late March or early April 1994.

The persons to whom the checks were issued have, without exception, extraordinarily common names: Pedro Garcia (200 million), Carlos Perez (220), Jose Alvarez (250), Jorge Vargas (200), Roberto Toro (150), Alberto Reyes (150), German Rojas (250), Carlos Garcia (180), Alejandro Zapata (120), and Roberto Sotomayor (180).

Four of those checks appear endorsed to an account belonging to a man identified as Fernando Garcia.

Other checks were drawn from this same account at the Banco de Colombia (Highway 6, at the intersection of 11th Street in Cali) between April and June. Counting only those in amounts exceeding 50 million, they total 3.15 billion pesos.

Another 17 accounts have been recorded at banks in Cali, Bogota, and Cartagena, which apparently were serving as intermediaries in providing the money for the checks.

The list of the four accounts at the Banco de Colombia's main branch in Cali, from which over 13 billion pesos were drawn within less than four months, is as follows:

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Account 024863-9: It was opened on 28 February 1994 with 300,000 pesos, and the request for its closure is dated 4 August 1994. It was in the name of La Loma Agricultural Distributor, with legal representative Omar Perez, carrying I.D. number 14,993,896 and 817,984,648 pesos were drawn from it.

Account 024864-2: Its opening was requested on 23 February 1994, also with 300,000 pesos, and its closure was requested on 4 August 1994. It was in the name of La Estrella Agricultural-Livestock Marketing, with legal representative Alfredo Perlaza Zuniga and 4,115,246,901 pesos were drawn from it.

Account 024865-5: It was opened on 28 February 1994, with 300,000 pesos, and its closure was requested on 1 August. It was in the name of El Diamante Agricultural Products Distributor, with legal representative Jorge Antonio Ortiz Rosero and 3,207,152,972 pesos were drawn from it.

Account 024804-0. It was opened on 15 December 1993, and cancelled on 9 August. It was in the name of Exportcafe Ltd., with legal representative Eduardo Gutierrez and 5,920,022,190 pesos were drawn from it.

Asobancaria Speaks

Regarding the presumed links between the Banco Colombia and Banco Ganadero [Cattlemen's Bank] in Cali and money from the drug traffic, the Bankers Association (Asobancaria) president, Cesar Gonzalez claimed that due process should be continued, so that, "ultimately, justice will end up benefiting, and not others."

In his opinion, it is virtually impossible to prevent phenomena such as money laundering from occurring occasionally, because "this is a very complicated issue, and a business with too many facets and too many angles."

According to Gonzalez, from the investigation to be conducted against the offices of the two banking entities, "it cannot be inferred that the entire system is lax" in implementing the regulations, "unless the Prosecutor General's Office reaches that conclusion."

The association's director declared: "Concealment is not the best strategy, but the financial sector cannot be condemned extrajudicially either, without some type of trial."

He claimed that there are regulations in the country governing operations to prevent money laundering. He explained that one of the banking sector's basic principles, for example, is to become familiar with the client and to identify the size of his financial activity.

When operations exceeding 7.5 million pesos in cash (or its equivalent in dollars) are carried out, it is mandatory to keep a special record of information on the one engaging in the transaction.

Gonzalez emphasized that care should be taken in dealing with the matter, so as not to damage the reputation of persons and entities.

[Box, p 3A]

Arrest for Eduardo Mestre Without Benefit of Release

The National Prosecutor General's Office has virtually left ex-Liberal senator, Eduardo Mestre Sarmiento's defense without a leg to stand on, in the case of the checks issued to him by firms that have been investigated for their presumed links with the Cali Cartel.

Mestre had claimed that 35 million pesos issued to him by Omar Perez, legal representative of La Loma Agricultural Distributor, were related to the payment for various wall hangings and paintings. However, he has been unable to explain other payments proven by the Prosecutor General's Office.

Furthermore, in the testimony given by Guillermo Palomari, presumed accountant for the Cali Cartel, he had the stubs of checks paid to Mestre (found in raids), because "Don Miguel sent them to me so that I could examine them."

Yesterday, the Prosecutor General's Office issued an arrest warrant without benefit of release, for the crime of illicit amassment of wealth, against Eduardo Mestre. It decided to free Eduardo Gutierrez and Jesus Antonio Piedrahita, who had been captured in an attempt to determine their presumed status as front men.

The crime of illicit amassment of wealth is not one for which release from jail is permitted. It is punished with five to 10 years' imprisonment, and a fine equal to the amount of money proven to have been acquired through illict means.

Liberal Party at 'Historic Crossroads'

95CA0227A Santa Fe de Bogota EL TIEMPO in Spanish 4 May 95 p 4A

[Commentary by Enrique Santos Calderon: "Liberal Party: SOS"]

[FBIS Translated Text] Talking about the crisis in the Liberal Party may seem redundant. The Liberals have, for many years now, been experiencing one setback after another, lacking great leaders or ideas, imbued with

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patronage, fragmented into regions dominated by local political bosses, and infiltrated by corrupt persons of old and new varieties, that a beating like the present one is almost routine.

However, there is a crisis within a crisis, and the internal confrontation currently tearing the country's leading political party asunder could have more lasting consequences (and perhaps more beneficial ones) than those usually left by its constant skirmishes.

The symptoms of the crisis are erupting everywhere: a disintegrated National Directorate [DLN], an Ethical Monitoring Council questioned by the questioned congress members; a confrontation (now surmounted) between the secretary general and the DLN chairman, and rebellion by a bloc of legislators (headed by Bernardo Guerra Serna) against the party's Directorate....

But, in my opinion, the most telling sign of the kind of internal conflicts being faced by the Liberal Party today was the recent departmental pre-convention in Antioquia. There, a terrific offensive was launched by prominent figures of the caliber of Cesar Perez Garcia and Jorge Meza, ex-mayor of Envigado.

The fact that a person stripped of his congressional investiture and expelled from the Liberal Party, and another questioned for his links with Pablo Escobar, should manage to seize control of the Antioquia convention is the harshest reflection of the genuine crisis being suffered by the Liberal Party. And the fact that the one who proposed that the meeting be chaired by the ex-mayor of Envigado has been a representative of the movement traditionally directed in that department by the now national prosecutor general merely confirms its ethical dimensions.

It is just as well that the coin has another side. In this case, it is that of Senator Piedad Cordoba, who vehemently, and almost alone, opposed Meza's chairing the convention. The courageous position assumed by Piedad Cordoba, confronted with Envigado's vociferous supporters, represents the decent Liberal Party that wants to purge itself of the vices and corruption that have undermined its credibility. All is not lost so long as this party has moral reserves like this brave Antioquian woman.

What has happened in Antioquia is symptomatic of the dilemma being faced throughout the country by the Liberal Party, divided between a movement seeking to renew and moralize the party, and one embodying the old patronage system with all its distortions.

A conspicuous spokesman for the latter is Senator Bernardo Guerra Serna, who led yesterday's rebellion against the National Directorate and convoked the meeting of legislators that had been postponed by chairman Juan Guillermo Angel. He did not achieve the required quorum (over 70), which would have represented a fatal blow to the DLN's authority. But the fact that Guerra Serna's convocation drew nearly 50 legislators is significant in itself.

In view of such a poisoned atmosphere, filled with tension and accusations, compounded by the situation created by the prosecutor general's questioning of nine Liberal congress members, it is not surprising that an attempt is being made to postpone the National Convention in June. We can imagine the uproar that would break out under the present conditions.

But not everyone favors a postponement, especially those (like Comptroller Turbay, ex-Comptroller Becerra, or Senator Guerra, among others) who have devoted their efforts to setting up regional blocs to demonstrate their strength in the party. And, although it would be desirable for a national convention to confront ideas and proposals, rather than clients and captive votes, postponing this meeting indefinitely is not the solution either.

The Liberal Party has two options: to attempt an internal reorganization through agreements and pacts, or to exacerbate the crisis and cause the final break between bad and good; or, at least, to define the scenario and, particularly, the agenda for the confrontation.

First of all, there should be an explanation as to why the conflict is occurring. Is it over the Liberal Directorate, the Convention, or the Ethical Commission? Is it over the legislative agenda? Is it over defining of relations with the government? Is it a problem of ideological differences or ethical conflicts? Is it both? These are some of the questions that should be resolved, so that people will begin to understand, if indeed it concerns them, what the source of the problem in the Liberal Party is.

I think that the crisis being experienced by the Colombian people's majority party is positive, because it shows it is being shaken up. Many Liberals are now wondering who will be leading the party. And there is a growing consensus that they cannot be people who are tainted, nor people with baggage. The group solidarity between legislators and leaders being questioned could hardly reach that point. It would be the coup de grace.

In brief, the Liberal Party is at a historic crossroads. The popular election of mayors and governors, the fragmentation of regional power, and other effects of the constitutional reform of 1991 have broken the backbone of the old patronage system. The decline of regional barons, such as Guerra Serna, who dropped

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from 250,000 votes to 35,000, proves that it is no longer so easy to mobilize clients.

It is time to take the leap forward, to give up vitiated practices, to mobilize ideas instead of clients, to remove those who are corrupt, and to bring forward the most honest and capable people.

If the Liberal Party is not reformed now, if it fails to take advantage of this crisis to purge itself, it could be left out of the next presidential elections. And perhaps it needs a shakeup at the polls.

Ecuador

President Assailed for Delaying Social Spending

95SM0312B Guayaquil EL TELEGRAFO in Spanish 28 Apr 95 p 4-A

[Commentary by Marco Arteaga Calderon: "Social Spending Has To Wait"; received via Internet]

[FBIS Translated Text] *Can social spending actually be put off any longer?*

The opinion of our president, expressed only recently and published by the national press, is more than deadly. It is inhumane. It is like eternally saying "Tomorrow": to the empty stomachs of children, "Tomorrow"; to the lack of medicine, "Tomorrow"; to professional prenatal care, "Tomorrow"; to the unpostponable need to halt once and for all the needless deaths caused by curable diseases, "Tomorrow"; and, to a minimum standard of living, "Forever."

At a stroke, the government confirms its inability to understand the possibilities of development within the parameters of solvent social justice. For practically three years, the government has in fact produced no social policy worthy of the name that would respond sensibly, albeit piecemeal, to the satisfaction of vital needs. Did he—yesterday the candidate, president today—not say, standing in front of the images of wretchedness where he went to pose for photos and videos: "This will no longer happen under my government!"? And did his minister of social welfare, Butiva, not shout, every time he could get some advertising space: "This administration will put an end to poverty!"?

Three years of political indecision, three years of deceiving society's unfortunates, three years of bureaucratic palaver. How much longer do they have to wait, Mr. President? The 61 percent of all urban and 78 percent of all rural families living under the extreme poverty level, according to the data of the United Nations Program for Human Settlements and Habitat or, according to private research, 69.7 percent urban and 91.6 percent rural families that do not earn enough to buy even half a basket of food, which is already miserly and poorly measured.

And please, Mr. President, as you begin your last 400+ days in office, do not drag out the old refrain about how the high cost of the border conflicts will keep your government from paying the "social debt." How could one ever even think that this administration had any interest in social problems, when it has been bogged down meeting the impositions of the International Monetary Fund, following the masquerade of the "inflationary policy" and the privatizing neoliberalism that turns the rich into millionaires and the poor into the terminally indigent?

This government has done nothing but repeat old saws about "children being our nation's future," only to let them die now, here in the present! It is because so many claims are made on television—claims that attention is paid to children and mothers—that viewers now perceive that it amounts to crumbs, and that the meaning is figurative rather than real, as you move toward the elections. Reality constantly tells us that the truth lies elsewhere, contrary to all the monetarist shock ideology.

You say, for example, that in UNICEF's words, "Ecuador has an exceptionally high maternal mortality rate." For every 100,000 live births, 120 mothers die, mainly of toxemia (+24 percent), hemorrhage (+21 percent), delivery complications (+41 percent)—all solvable problems that are not attended to. In addition, the causes of death in children under the age of four are basically diarrheic diseases (24.65 percent) and acute respiratory infections (23.36 percent). What is most tragic, however, is that more than half of the children under the age of five suffer some degree of malnutrition and that of every 1,000 live births, over 50 die.

Is it then the solution of this conservative, social, Christian government that "social spending" must wait? "A type of development that does not respect and promote human rights is not worthy of man," Pope John Paul II said in his 1987 encyclical "Solicitude Real Socialis." Some 100 years before (1891), Pope Leon XIII said, in his "Rerum Novarum": "Those who govern should protect the community and the individuals who comprise it. It is not only the supreme law, but the only end, the total reason for the sovereignty they exercise."

It is indeed not true that the social infrastructure benefiting health, education, and food is an "expenditure," as it has always been considered—something that does not yield interest. It is ever the best investment, given the fact that man is the fundamental socioeconomic resource. Every social solution must necessarily integrate all promotion of growth and/or economic expansion so that speaking of development will have true meaning. Camus once said: "What would justice be without the

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possibility of happiness? What purpose is served by freedom in poverty?" No, Mr. President, the solution to social problems must not, cannot wait any longer!

Finance Ministry Views Collection of War Taxes

95SM0311B Guayaquil EL UNIVERSO in Spanish 24 Apr 95 p 2

[Unattributed article]

[FBIS Translated Text] Quito—The 2-percent vehicle tax and the assessment on the salaries of government employees and workers in the private sector will yield 180 billion sucres to help finance special military spending, according to the latest projections of the Ministry of Finance.

This figure is lower than the initial 200-billion estimate because Congress reformed the original law exonerating all owners of vehicles registered in border provinces from such payments, and included religious communities and persons who are 40-percent disabled in the exemption.

Vehicle Tax

The two-percent tax alone will yield 138 billion sucres and the remaining 42 billion will come from the salaries and per diems of public and private employees.

Banking institutions, which will collect the taxes by withholding the funds, have up to 24 hours to deposit such resources in the National Treasury's Single Account in the Central Bank.

Back Collections

Officials are behind in collecting the two taxes, particularly the two-percent vehicle tax. According to Police figures, the latter has not yet been paid because a large share of the 100,000 vehicles were not registered in 1994. In addition, some public and private sectors have not yet paid in their two days of wages either.

Armed Forces Have Duty To Preserve Good Image

95SM0323B Quito EL COMERCIO in Spanish 22 Apr 95 p A5

[Commentary by Xavier Lasso: "The Armed Forces in Peacetime"]

[FBIS Translated Text] The Armed Forces of the nation, because of their power to rally the people, and whose fundamental role stems from the defense of the Ecuadoran state and the guarantee that this state will not turn against its people, are an important factor for unity.

We have had too many bad examples of the Armed Forces of other American countries that, forgetting their impartial role, placed themselves at the service of sinister dictatorships—whose double function (on the one hand pillage, on the other crime) becomes evident to us as the passage of time reveals facts and ends our cowardice.

In that sense, we can say that we have had Armed Forces that, as a rule, have not acted as a police force for state terrorism, and have therefore exercised credibility and leadership in the country's most difficult hours.

The same cannot be said for the Argentine military during the dark years of the dictatorship. The disaster of the Malvinas is a clear example of an Army that divides instead of uniting, that represses instead of protecting, that disperses instead of convoking.

The Ecuadoran Army has a great treasure to protect: its image and its prestige. The isolated horrible deeds, committed by some of its members, must not stain it. THe cases of torturers and killers are few, and fortunately are well documented—such as the case of Lieutenant Fausto Morales Villata, identified with a wealth of details in the courageous book by newspaper woman Mariana Neira, *Where Are the Disappeared of Ecuador?*

The good image that we have of the Ecuadoran Armed Forces—grown greater since Tiwintza—as guardians of the territory that remains to us, must be maintained at all costs. Now it is also important to continue in our conviction that these same Armed Forces, because of their impartiality, and without the absurd subordination that characterized them during the period of the engineer of Guayaquil, are the guarantors of our domestic peace.

This is why it is of transcendent importance that the military institution heal itself by extirpating, once and for all, those maniacs, those evil elements, that are today the cause of controversy, discord, and suspicion.

Perhaps the time has come to revise the image of the Armed Forces as the sentinels of a few small interests, of a period that we came to refer to contemptuously as "golpism," and together strengthen an institution at the service of our people's progress and development. It is the only way that, in peacetime (peace surely exists?), we will be able to continue believing in them.

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Concerns Over Demilitarization Process Expressed

95SM0314A Guayaquil EXPRESO in Spanish
28 Apr 95 p 4

[Commentary by Julio Prado Vallejo: "The Demilitarization"; received via Internet]

[FBIS Translated Text] In accordance with the Itamaraty Agreement, Ecuador and Peru, under the supervision of independent observers, are carrying out a demilitarization process in the Cenepa area.

The operation has not encountered major problems, as the governments of Quito and Lima have decided to comply in good faith with the terms of the agreement. The only matter that has generated some concern is the absence of observers during Ecuador's withdrawal form Base Sur [Southern Base] and Tiwintza. We have read and heard a number of the observers' reasons to justify that absence, but their words are not persuasive. It is elementary to assume that in a demilitarization process the details of troop withdrawals and public evidence of compliance with an international agreement should be recorded in an official document.

This attitude on the observers' part is undoubtedly due to political reasons. They are quite well aware from the background of this area, which is known both nationally and internationally, that the Base Sur and Tiwintza posts have never ceased to be under Ecuador's control; as a consequence, the Peruvian claims and Fujimori's outspoken remarks asserting that those positions had been retaken by the Peruvian military forces bear no semblance of truth. Still the observers do not want their presence during the withdrawal of Ecuador's troops from these bases to disprove the Peruvian claim and confirm Ecuador's official statements on its permanent presence in Base Sur and Tiwintza both before and after the Upper Cenepa conflict.

We should not be surprised or concerned about this timid diplomatic attitude on the observers' part, for in contentious international matters, governments always act with extreme caution. As Ecuador was very careful to report the geographic coordinates of the Upper Cenepa military posts well before the demilitarization process, the observers are well informed and convinced, although they may not say so, that Peru's military attempt to expel Ecuador from Base Sur and Tiwintza failed. The observers should proceed in this case as was done in the 1941 conflict with the Talara Report, in which the withdrawal terms and conditions were stated in a public document signed by both countries and four observers.

In any case, I consider it senseless for the National Congress, at this point in time, to prepare questions for the ministers of foreign relations and defense on the scope of the Itamaraty peace accord, when the president of Congress was actively involved in the entire problem, both through the Security Council and on special diplomatic missions, and the legislators knew the text of the accord. I am afraid these so-called requests for information from the two ministers have a political purpose. Neither the Foreign Ministry nor the Defense Ministry can be blamed for the fact that the observers are refusing to witness the withdrawal from Ecuador's military posts. What effective means does Ecuador have to compel them to do so?

More disturbing than the observers' absence during Ecuador's troop withdrawal is the reasonable unknown about what may happen once the Upper Cenepa area has been definitively demilitarized and the observers withdraw and go back home. What is going to happen? Will the Peruvians not be tempted to occupy Base Sur and Tiwintza, even if furtively, after Ecuador's troops have left? Of course, international agreements should be honored in good faith, and if that were to happen, it would be an act of contempt and an offense against the observer governments. Unfortunately, history teaches us that in the past Peru has not acted in good faith. The unknown is still more disturbing when we think that the Peruvian Army must feel frustrated after its failed attempt to dislodge us from our positions in the Upper Cenepa. That frustration could lead to unfortunate actions. We are waiting to see what happens.

PSC's Proposal for Emetel Privatization Discussed

95SM0311C Quito EL COMERCIO in Spanish
17 Apr 95 p 1B

[Article by Teresa Herrera: "Emetel: Hello, Privatization?"]

[FBIS Translated Text] The privatization of telecommunications in Ecuador is under discussion. The government is playing its last card in order to move forward on one of the most ambitious projects undertaken during its administration.

The process, which has has already wasted two years and eight months, is engaged in a race to finish in 15 months rather than the initially predicted 18. Experts believe that the sale of a strategic enterprise cannot be launched hastily.

However, the shortening of the period was announced by the president of the State Telecommunications Enterprise [Emetel], Sergio Flores. Flores is in a weak position vis-a-vis the government, which could result in his resignation.

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Well-informed sources are certain that Conam [National Council for Modernization] is looking for candidates.

If the new deadline is met, the government will be signing the sales contract in July 1996, a month before the end of its term. The question then arises: Is there not a fear that the new authorities will question the legitimacy of a process constituting part of a political campaign?

Many sectors want a thorough discussion of the platform for the modernization of the enterprise. If the need for privatization is shown, they want to put the finishing touches on the overall framework for delegation to the private sector.

However, the nation's Congress is apparently beginning debate on the proposed reform of the Special Telecommunications Law, drafted by the Social Christian Party.

The plan would divide the country into two monopolies—which would cause Emetel to drop in value—including basic principles of the sector such as: a broader market; better cost structure; integration of the country into a single network, in which strategic decisions relating to the selection of technology would allow for compatibility; and access to systems of proven development on the world level.

Article 14 would split the company into: Emetel North, with headquarters in Quito, serving what now corresponds to Region One, meaning Esmeraldas, Carchi, Sucumbios, Imbabura, Pichincha, Napo, Pastaza, Cotopaxi, Tungurahua, Chimborazo and Bolivar Provinces; and

Emetel South, with headquarters in Guayaquil, embracing the rest of the country: Manabi, Guayas, Los Rios, El Oro, Canar, Azuay, Loja, Morona, and Zamora, comprising Region Two.

The article binds compliance with contracts by operators with the exclusive five-year term. At the same time, it sets forth parameters for the scope and quality of services.

Article 5 of the original proposal of the Social Christians states that after costs and expenses are covered, a reasonable profit will be set based on similar telecommunications services provided by highly efficient international companies. The reform provides that rates will be set based on marginal costs for producing the service.

It also eliminates quality requirements serving as a basis for approving rate increases.

Power of Secretariat

Article 6 eliminates the regulation of rates for cellular phone services.

Article 7 requires that operators present their investment plan only for the exclusive five-year period. The previous plan stated that they would have to present their short-, medium- and long-term investment plans, i.e., for the 15 years covered.

Article 8 eliminates a provision contained in the preceding plan to the effect that the State Bank could, at the mere request of the Telecommunications Superintendency, debit state enterprise accounts for all sums charged to Emetel.

Article 9 creates the National Telecommunications Secretariat.

Article 10 sets up the National Telecommunications Council [Conatel] with broader representation by including on the board a representative of the College of Electrical and Electronics Engineers.

This article also establishes the requirements for being a member of Conatel: having a degree in telecommunications, law or economics, and experience in similar fields.

In contrast with the original plan, the Council no longer manages, administers, executes, dictates policy or approves development plans. These functions are transferred to the Telecommunications Secretariat.

End to Debits

Article 11 adds to its redrafting of the previous plan the new functions of the Telecommunications Superintendency and limits it to auditing and supervisory tasks.

Article 13 modifies Article 37 of the law to the effect that the resources available to Conatel, the National Telecommunications Secretariat and Superintendency will come from the rates and charges imposed for the use of radioelectric frequencies.

Article 14 changes the trade name of Emetel from State Telecommunications Enterprise to the Ecuadoran Telecommunications Enterprise, Inc.

It also reserves for the state the power to determine which liabilities of the existing Emetel will be assumed, particularly those undertaken on soft terms: government-to-government credits for 30 years with a 10-year grace period and 2-percent interest. In the opinion of experts, it would be a gift for operators to assume responsibility for these resources as part of the deal.

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Article 15 eliminates mention of operators of state-of-the-art technologies because there is no such thing; rather, they are hired.

One of the temporary measures indicates that the Ministry of Finance may not debit or withhold sums from Emetel resources.

[Box, p 1B]

Fewer Resources

Emetel's investment budget for 1995 was reduced from 417 to 223 billion sucres.

The decision was made after the Emetel board of directors requested an increase in the budget to over 500 billion sucres. Is an attempt being made to weaken the enterprise?

Monetary Board Spells Out New Program

95SM0311A Guayaquil EL UNIVERSO in Spanish 24 Apr 95 p 2

[Unattributed article]

[FBIS Translated Text] Quito—The monetary plan redesigned by the Monetary Board provides for growth of 24 percent in monetary issuances and 25 percent in currency in circulation.

It also provides for an increase in international reserves to 100 million above the levels of late 1994, when they totaled $1.712 billion.

Strong Reservations

According to Ana Lucia Armijos, chairman of the Monetary Board, the plan does not provide for an inorganic issuance because the country has strong international reserves that would sustain foreign buying for at least four months.

The Monetary Board approved the Central Bank's monetary program for 1995, which is consistent with the redrafting of the goals of the existing macroeconomic program, she explained.

Growth Exceeds Inflation

The program includes growth in monetary variables, basically in terms of issuances and expansion of money in circulation, which will grow faster than inflation this year, the chairman of the Monetary Board says.

She admitted there had been a two-month delay in approval of the program, which normally comes in February of each year, due to the armed conflict in which the country is involved.

The Board also approved a preliminary report on the foreign debt, which will be the basis used by the Ministry of Finance to determine the debt capacity.

Armijos said it was a technical study containing guidelines on debt for the public sector which that department of government will apply.

She noted that the ideas are based on the need to prevent the country from going into debt again as it has in the past. Rather, it should endeavor to continue to reduce the level of debt as the country has done via the agreement to restructure the foreign debt.

Optimism Expressed Over Future of Reforms

95SM0312A Quito HOY in Spanish 28 Apr 95 p 6-A

[Received via Internet]

[FBIS Translated Text] Despite apparently insurmountable difficulties to winning the 52 votes needed to reform the Constitution, representatives of the Executive Branch met again yesterday with the congressional Constitutional Affairs Committee to draft a reform bill that will be submitted to deputies during the coming special period of sessions.

The meeting was held two days after Abdala Bucaram, leader of the Roldosists, announced that his party will not support the reforms. As a result, possibilities of garnering the number of votes required to reform the constitution were dramatically reduced.

Government Secretary Carlos Larreategui said the government remains "moderately optimistic" about th future of reforms, and noted that "every possible effort is being made to fulfill the commitment made by the legislative forces and the Executive Branch."

Yesterday the most controversial reform issues came under study: strategic areas, unionization of government jobs, social security, and the judicial function.

The Committee and Executive Branch have apparently ironed out their differences and drafted mutually acceptable texts. Nevertheless, the problem lies in obtaining the 52 votes because, while there may be a consensus within the Committee, conflicting views do exist in Congress.

For example, the Roldosists announced that they would not support any of the reforms dealing with strategic areas. Nor will the Democratic People's Movement or the Ecuadoran Revolutionary People's Action Party, parties opposed to any reform that would in any way imply turning over our natural resources to private enterprise.

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Apparently, only the Social Christian Party, the Democratic Left, People's Democracy, and government deputies might vote as a bloc. However, this does not mean they have rallied the 52 votes because those of the Ecuadoran Roldosist Party [PRE] are indispensable if that figure is to be reached.

Larreategui said that those "obstinately opposed to reforms" are the greatest "obstacle" to reform, but that the government is making "efforts in several legislative sectors" to overcome such obstacles.

Controversy Continues Over Oil Pipeline Expansion

95SM0314B Guayaquil EL UNIVERSO (MUNDO ECONOMICO) in Spanish 25 Apr 95 p 1

[Article by Jofre Benitez]

[FBIS Translated Text] Quito. Three consortia are bidding for the contract to expand the Trans-Ecuador pipeline: ICA [Associated Civil Engineers], made up of Entrecanales, Cubiertas, Abengoa, Williams, Tripetrol, and Sereland; Ebramex, consisting of Andrade Gutierrez, Colisa, and Preusessas; and IFL, made up of Techint International, Odebrech, Entrecanales, Tripetrol, Cubiertas, Abengoa, Williams, and Sereland.

While the government proceeds with the bidding process, controversy and disputes about this controversial project persist. The proposals have now been received, and will be analyzed over a period of about three months. The bid will then be awarded, and contract negotiations will begin. The contract should be signed by the end of this year.

The bid award process prior to signing the contract is in progress. A special commission is reviewing the first documentation submitted, covering the economic and financial soundness of the participating consortia.

Opposition

The most radical opposition does not concern the project to expand the SOTE [Trans-Ecuador Pipeline], but rather the decision to turn over its complete management to the construction company.

It is strongly argued that this would be detrimental to the nation's interests, as Ecuador would lose the large revenues it could earn for transporting petroleum extracted from the Amazon region.

There is agreement that if production needs to be increased to obtain more foreign currency, the SOTE must be expanded, but there is no agreement that its management, even of the existing pipeline, should be turned over to a private company, as this is a profitable business.

According to the request for proposals, if the project is awarded, the SOTE management and operation will be turned over to the builder at the end of this year or early next year, as only after the contract has been signed and the management plan approved will the operation be turned over.

The Project

The project consists of building a pipeline paralleling the present pipeline to transport an additional 150,000 barrels of heavy crude. Modifications will also be made in the Balao ports, in storage facilities, and roads.

The project will cost approximately $600 million, to be financed by the private consortium to which the bid is awarded. The construction time will be 36 months.

Representatives of the three bidding consortia have told EL UNIVERSO that the controversy and some groups' internal opposition have aroused a certain amount of skepticism among foreign private financiers.

They agreed that Ecuador needs the pipeline expansion, as it will enable petroleum production to increase, generating higher revenues.

Comments by Parties Involved

The director of the Norberto Odebrecht construction firm, Luiz Augusto Teive, said the project is of great importance to private industry, as it will require an enormous amount of resources during completion.

He said the project will enable Ecuador to expand petroleum production, and consequently, promote development.

"As businessmen, we are very pleased to be able to take part in this project," noted Teive.

On the bidding process, he said: "Throughout the bidding process there have been many discussions about the project's validity. We understand that, and it is natural for a project of this magnitude to be the subject of discussions, and natural difficulties may arise."

He stated that Ecuador needs this expansion, and he praised the decision to proceed. "We are very optimistic."

He said there have been assurances provided and transparency in the bidding process, which guarantee the expansion project.

About the extensive opposition and criticism of this project by large segments of society, Teive acknowledged that international financial organizations, banks, and multilateral agencies "do not look with favor on very controversial projects. In fact, anything generates

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concern in investors, but we believe that, given the importance of the project to the nation's development, the problems will be overcome."

Expansion Necessary

The representative of the ICA consortium consisting of Entrecanales, Cubiertas, Abengoa, Williams, Tripetrol, and Sereland, Dr. Fabian Jaramillo, said that the time to judge the transparency of the process will come when the bid is awarded.

He emphasized that "to date, obviously, the process has been a little complicated, there have been many changes, but we do believe that construction of the pipeline is necessary."

"We have confidence," he added, "that the government will act with transparency and at the right time it will make the decision that is best for the nation both technically and economically."

He stated: "The consortium I represent feels capable both technically and economically, so despite the ups and downs, we are taking part in the bidding process and we have submitted proposals."

He said there can be no doubt about the need for the pipeline. "The political criteria are unrelated to the technical views of those of us who see that the only way for the petroleum resources to be used is to transport them by the pipeline."

He noted that they have no fear of the criticisms of the project, so they are participating with great determination and confidence.

Caution Among Investors

The representative of the Ebramex consortium, composed of Andrade Gutierrez, Colisa, and Preusessas, Mauricio Ricupero, said that there have been transparency and assurances provided in the bidding process to build the expanded Trans-Ecuador pipeline.

He emphasized that the position of the minister of energy and mines and of Petroecuador [Ecuadoran State Petroleum Enterprise] has been quite well explained. "We are convinced that the process has very good transparency."

He indicated that "assurances have also been provided that all the companies will participate, but it is logical that there would be doubts on many points, and so each company has had to put in its proposal the restrictions and remarks it considered appropriate."

He said: "Based on the studies we know and the ones they have given us, it is really essential for the government to do this project."

He acknowledged that investors have been very cautious about financing the project, due to fierce opposition and criticisms of the expansion of the Trans-Ecuador Pipeline.

"Investors are very cautious with these types of political problems, but that is part of a project of such magnitude," noted Ricupero.

He said that "present conditions in Ecuador are completely favorable for investment."

Oil Workers Express Opposition to Pipeline Expansion

95SM0323A Quito HOY in Spanish 22 Apr 95 p 2A

[Article: "The Country Would Lose $2.5 Billion"]

[FBIS Translated Text]

During 12 years of oil pipeline operation by a foreign contractor, Ecuador would lose 2.5 billion sucres according to a study by the Federation of Petroecuador Workers [Fetrapec], "in addition to the loss of state sovereignty in control of its strategic resources."

The debate over the advisability of building the new pipeline, which is really only an expansion of the existing pipeline plus the construction of a small amount of additional piping, reached its climax just when the government had received three offers from three consortiums interested in the project, which includes, as an additional "treat," the turning over of the existing pipeline to the firm that builds the expansion.

At first, many firms were said to be interested. Later, eight were mentioned, and finally, only three offers were received, which will be evaluated within 90 days, to proceed then to adjudication.

Opponents of the project range from Fetrapec to ex-ministers in the field, such as Rafael Almedia and Gustavo Jarrin Ampudia, and deputies such as Andres Vallejo of the Democratic Left and Mario Flores of the Social Christian Party, together with analysts and experts. Flores even called for a political trial of Minister Galo Abril, if privatization of the Transecuadoran pipeline should go forward.

Marcelo Roman, leader of the petroleum workers, advanced several objections, basically of a technical and economic nature.

With Light Crude Oil

In the first place, he claims that the existing pipeline (which they call SOTE [Trans-Ecuador Pipeline]) must

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continue to carry only light crude, because it was designed for that type of petroleum. Roman says that having carried heavy crude oil lately has caused deterioration in SOTE. He recommends increasing its capacity from 320,000 barrels per day to 400,000, for which it would be enough to install more pumping stations — he says — at a cost of about $80 million. The government's proposal, he continues, means a cost of 600 million barrels, and the only addition would be "a small amount of piping" to carry 50,000 additional barrels. In addition, he says that overpricing has been spotted in that estimated cost.

Roman suggests that the period of heavy crudes that is beginning in the country can be addressed by a specific policy, and he asked for a debate to determine that policy. What should be done with the reserves of heavy crude, he asked? At the moment, foreign companies are shipping 60,000 barrels of heavy crude in the SOTE. This means that mixing it with the light crude degrades its quality, and market price is lost, at the same time that SOTE is deteriorating because of the high sulphur content in the heavy crude. (FBC)

Four Factors

According to Roman, four factors must be analyzed in order to justify the expansion of the pipeline:

a) The inadvisability of transferring petroleum income into the hands of multinational capital.

b) Sovereign reaffirmation in the management of strategic natural resources and the guarantee of energy self-sufficiency.

c) The profitability of the pipeline expansion; and

d) The existence of reserves to produce 450,000 barrels per day for at least 25 years, and confirmation that those reserves can be added relatively easily to production.

The Reserves and Heavy Crude

According to Roman, the only reserves that Ecuador has are proven remaining reserves of light and heavy crudes. The former are less than 1.5 billion barrels (for 10 to 12 years, with an extraction rate of 350,000 barrels daily.)

The recently discovered heavy crude comes to two billion barrels—but, as has been noted, shipping them in the existing pipeline is not recommended.

The alternative has been proposed of constructing a new system in the center of the country to transport the heavy crude.

The new pipeline would have a capacity of 200,000 to 250,000 barrels per day and would cost 25 percent less than the additional pipe projected for the expansion of the existing SOTE, which would add only 50,000 additional barrels to those it currently carries.

Also, the new pipeline could be an alternative in case of accidents or damage to the existing SOTE.

Petroecuador is a Better Deal Than the Multinationals

Roman claims that, through the system of consortiums between Petroecuador and foreign companies, enormous benefits have been paid to the country. Some 95 percent of the profits of the business have gone to the state, while under the service contracts signed with various multinationals, there have been no benefits for the country. Under this type of contract, the state repays the oil companies' costs, which are very high, much higher than those of Petroecuador. Maxus takes the record. Its production costs are $70 per barrel at an initial phase, says Roman.

The most favorable situation for the state with regard to service contracts is that of the firm Occidental, whose production costs are $10.50 per barrel (the lowest of all the contractors). If a dollar is added to that cost for shipping via SOTE, the petroleum reaches Balao at a cost of $11.50. The sales price for that crude oil of 24 degrees API [American Petroleum Institute] is $14, which leaves a gross profit of $2.50 per barrel, of which one dollar goes to Petroecuador.

It is another matter with the petroleum produced by Petroecuador. Its production cost is only $1.70 per barrel, plus one dollar for shipping via SOTE to Balao, gives a delivery cost of $2.70. The sales price of this crude oil of 28 degrees API is $15, so that the net profit for Petroecuador is $12.30 per barrel.

Obviously, the difference between Petroecuador and the other contractors with even higher costs is even greater. The advantages of Petroecuador are clear. It can be concluded that income for the country from petroleum comes from Petroecuador, and not from the multinationals. Therefore, the advantage of encouraging exploration and exploitation by Petroecuador, instead of promoting their privatization, seems obvious. (FBC)

The Spearhead of Neoliberalism

In addition to technical and economic considerations, the petroleum union leader sees, in the plan to privatize the SOTE, the spearhead of the government's privatizing plans for the petroleum sector. "The governmental program for the expansion of the pipeline, rather than a serious solution to the petroleum, is a means of limiting the entrepreneurial development of Petroecuador (a thesis of fundamentalist neoliberalism) because they prevent it from administering its own assets in order to

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transfer them to the private multinational sector." Roman warns that behind this proposal are "the most powerful economic and financial groups in Ecuador." In later stages, Roman suspects, will come the turning over to the private sector of Petroecuador's oil fields, such as Shushufindi, Sacha, Lago Agrio, and Libertador, etc. All this through the incorporation of new technologies of recovery that would require investments that the state refuses to permit for Petroecuador. Under the pretext of the impossibility of investing huge sums of money in new technologies, the best fields will be handed over to the multinationals, warns Roman. (FBC)

Paraguay

U.S. Official Cited on Drug Problem, Ramifications

PY1205173995 Asuncion ULTIMA HORA in Spanish 11 May 95 p 14

[Article by special correspondent Dario Cardozo]

[FBIS Translated Text] Washington D.C. — According to Crescencio Arcos, deputy assistant secretary for international narcotics and legal matters, the United States invests some $500 million a year in the fight against drug trafficking within the framework of the assistance it gives countries affected by this scourge. Arcos is one of the highest-ranking officials handling drug related issues in the State Department. He is a career diplomat, and was U.S. ambassador to Honduras from December 1989 to July 1993. From August to December 1993, Arcos was a member of the State Department task force group attached to NAFTA. Among other things, he has been the White House's coordinator for public diplomacy in Central America, and from 1986 to 1987, he was assistant coordinator in the State Department office responsible for public diplomacy for Latin America.

In an exclusive interview with ULTIMA HORA, he pointed out that the drug issue is a transnational phenomenon involving persons who consume and persons who traffic and launder money, and who are dedicated to crime.

He indicated that between $16 and $20 billion worth of vehicles have been stolen in the United States and sold in Latin America.

Giving an international panoramic overview of drug trafficking, Arcos stressed that "the problem is alarming because of the $500 million to $50 billion in profits per year made by the drug traffickers. This is a criminal enterprise that is growing and will continue to grow." He also indicated that cocaine is the most frequently consumed drug in the United States, and that it creates a very strong and terrible addiction that is difficult to extricate oneself from. Heroin, which is a derivate of opium that comes from Central Asia, is another drug that is circulating. Burma provides between 50 and 60 percent of the opium and heroin that arrives in the United States. Among other things, he indicated that cocaine affects the brain, and that Peru, Colombia, Bolivia, and Ecuador are where the poppy-cocaine is grown [as published]. The U.S. deputy assistant secretary also highlighted the fact that cocaine is the number one drug in the United States in terms of consumption, and that the preferred means of introduction into the country is via sea-going vessels or planes. Cocaine is also introduced into the country via trucks. Some 400 tons of cocaine and 300 tons of heroin enter the United States per year, in submarines or Boeing 727's, which are abandoned once they are off-loaded. Arcos subsequently referred to the fact that the problem of drug trafficking and money laundering is so vast and complex that its ramifications include politicians, journalists, policemen, and others.

Notes 'Serious Problem' With Money Laundering

PY1305005695 Asuncion ULTIMA HORA in Spanish 12 May 95 p 15

[Report by Dario Cardozo]

[FBIS Translated Text] Washington — Jonathan Winer, U.S. deputy assistant secretary of international narcotics and crime, the most senior U.S. State Department official in the area of drugs, has hinted to ULTIMA HORA that the U.S. State Department will make precise observations to President Juan Carlos Wasmosy during his upcoming visit to the United States, and will reiterate its concern over the growing problem of the laundering of drug-trafficking money in Paraguay.

Winer said that the State Department had detected intense money laundering activities in Paraguay, Colombia, Uruguay, Canada, Curacao, and Brazil. The United States will ask President Wasmosy for increased efforts to combat the whitewashing of money and drug trafficking in the country.

With respect to widespread corruption in public office and in the government in Paraguay, Winer said that "on 1 March 1995 President Bill Clinton decertified Paraguay, because the country had not cooperated fully with the United States in its fight against drug trafficking. The United States will, however, continue to talk with the Paraguayan Government, and will continue to participate in anti-terrorist activities. A full decertification would result in the interruption of all aid and contacts in terms of loans and assistance from the United States and from financial and international development organizations, besides the economic sanctions that the United States might impose, according to the case."

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Winer argued that in the past two years the United States decertified Nigeria as a result of an evaluation that concluded that the country did not cooperate enough. U.S. aid to Nigeria was cut down as a result.

A Serious Problem With Paraguay

The State Department official said that the United States has a serious problem with our country due to the poor results of our fight against drug trafficking. "We have a serious problem with Paraguay's performance during 1994. At this time we are maintaining contacts with the Paraguayan Government. We are trying to work closely through the Americas Summit and other forums to see if the fight against drugs can improve in 1995," the official said.

During an exclusive interview with ULTIMA HORA, Winer said that the interesting part of the struggle against money laundering is that a good law on the subject, a law allowing seizure, can provide a mechanism for financing the activities of police and other authorities. "The fight against crime is more successful if the police are paid reasonable salaries. With a good salary a police officer is satisfied, and criminals lose their assets, their money, and their wealth. Then the balance between police and organized crime changes," the official said, referring to corruption in our country.

Winer said that the United States believes that a more aggressive use of laws allowing seizures in cases involving drugs will be very useful in improving performance, particularly of police departments that do not have the resources they need to act effectively. "I think the police should receive more assistance in order to fight the problem of corruption, among other things. We share what we seize when there is cooperation. In general, those funds can be used to cooperate with other countries' officials," Winer said.

In sum, Winer said that the State Department is seeking a dialogue with Paraguay in order to face the problems derived from drug trafficking and money laundering. "But relations could deteriorate a little if the Paraguayan Government's cooperation is not sufficient," Winer said.

Finally, we must point out that one of the United States' greatest efforts at world level is the fight against drug trafficking.

This is why, in order to maintain assistance programs to Paraguay, the United States demands an effective fight against those responsible for the trafficking in drugs through Paraguayan territory, and the eradication of the domestic cultivation of marijuana, which is beginning to be used more intensely in the country.

Paper Interviews U.S. Official on Drug Issue

PY1205162895 Asuncion ULTIMA HORA in Spanish 11 May 95 p 14

[Report by special correspondent Dario Cardozo]

[FBIS Translated Text] Washington D.C. — A high-ranking U.S. official has told ULTIMA HORA that high-ranking military officers and policemen and state officials are involved in drug trafficking and laundering of money gained from that illegal activity. The official highlighted the fact that the Paraguayan Government knows who the criminals are, and consequently it must take action in order to recover its credibility at the international level.

High-ranking military officers and policemen and state officials are involved in money laundering and drug trafficking, according to what Crescencio Arcos, deputy assistant secretary for international narcotics and legal matters, told ULTIMA HORA during an exclusive interview in this capital.

The high-ranking State Department official also indicated that the Paraguayan Government of Juan Carlos Wasmosy knows the names of those who are involved in these illegal activities. The names were given to our government by the United States in order to elicit cooperation in the fight against the money laundering that is engendered by drug trafficking.

In another portion of the interview, he pointed out that the United States believes Paraguay is not doing enough in the fight against drug trafficking. "It is not that the efforts are insufficient, but rather that a greater effort could be made, and we commented on this in the report that we submitted to Congress. A greater effort has to be made than in the past against the laundering of dollars and money and also against the problem of the transit of drugs," he said. The official then indicated that credibility has to be established in our country because credibility and transparency are two fundamental aspects the United States takes into account when it certifies or decertifies the countries that are involved in the trafficking, transit, and production of drugs or in the laundering of the illegal money that comes from drug trafficking.

"The main problem that we have with countries today is that at times the governments, or many people, confuse the fact that the governments want to improve their image with the reality of what they are actually doing. The image is very important for them. They believe that the problem of drug trafficking or laundering of money is resolved with improving of the image. No. The typifying of events, the courage to take the initiative, and the attempt to fight this are what have to be done

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internally. But words and legislation are not enough, and image is not enough. The image will come after action has been taken," the high-ranking U.S. official said.

Arcos subsequently indicated that adequate legislation to fight what is illegal is not enough because it must be accompanied by efforts and the effective political will of the Paraguayan Government to control the laundering of dollars or the whitewashing of money. "In the specific case of Paraguay, it is important that it observe its neighboring countries to see which has legislation that would be adequate within the context and framework of the country's own laws," he added.

As we noted at the beginning of this report, the deputy assistant secretary told ULTIMA HORA the United States suspects that no one is exempt from money laundering and drug trafficking. "Our suspicion is that no one is exempt from money laundering and drug trafficking, including high-ranking public and nonpublic officials. It seems that in Paraguay, as in the United States, there are problems of corruption. The important thing to do is to eradicate it, or, when someone is caught, get rid of him [borrarlo] or jail him," he said.

When we asked Arcos if they had the names of the military personnel and high-ranking police officers who are involved in drug trafficking and money laundering in Paraguay, he responded that the United States knows who they are, that they have them properly identified. "We know who they are, who is who. I am not going to comment on that at this time because it is also a problem for the courts. But, let it be very clear: We have intelligence on who is who," he stressed.

Continuing with this topic of the involvement of military officers and police chiefs in money laundering and drug trafficking, Crescencio Arcos indicated that the U.S. State Department has informed not only Paraguay but also other governments that are involved in those illegal activities. "We have not only informed the Paraguayan Government; we have also informed other governments, because in specific cases, when we know about someone, they are told," he emphasized.

Asked whether there could be a lack of interest on the part of the Paraguayan Government with regard to arresting or fighting those persons involved in drug trafficking or money laundering, Arcos said: "No, I am not saying that. We do not know whether it is only a question of interest."

Remarks by U.S. Official on Banking System Noted

PY1205190295 Asuncion ULTIMA HORA in Spanish 11 May 95 p 14

[Article by special correspondent Dario Cardozo]

[FBIS Translated Text] Washington, DC — Crescencio Arcos, the U.S. State Department deputy assistant secretary for international narcotics and legal matters, has told ULTIMA HORA that honesty in Paraguay's banking and financial system and an increased commitment by the Paraguayan Government are essential and necessary to fight the illegal laundering of drug-trafficking money. Arcos, a high-ranking U.S. State Department official, said: "In Paraguay, there is a serious problem, not only involving drug trafficking, but also money laundering. Given Paraguay's financial structure, it will first have to achieve better legislation to fight money laundering and improve law enforcement, as it did not receive a full certification in a report that President Bill Clinton sent to the U.S. Congress this year." Continuing his remarks, Arcos said Paraguayans understand the problem, therefore, it is necessary to improve legislation and the enforcement of this legislation. Arcos emphasized: "Many countries believe that words represent deeds, that words say it all. First, it is necessary to promulgate a law, and then enforce it."

As Paraguay is a transit country in the drug trade and is surrounded by drug producing countries like Bolivia and other nations, the government will have to improve law enforcement and monitor drug trafficking.

Arcos frequently emphasized that the lack of honesty in a country's banking and financial system represents an essential problem for money laundering. He also mentioned government corruption, noting that there are governments that do not want to cope with the problem of laundering of drug-trafficking money.

Focusing on money laundering and drug trafficking, Arcos emphasized: "This problem increasingly jeopardizes national security." Arcos then indicated that the U.S. State Department works with 29 countries, including Paraguay, on the certification process. The United States controls and monitors drug production, transit, or consumption in these countries.

It is worth remembering that Paraguay, Bolivia, and Colombia did not receive a full certification in the report that President Clinton sent to the U.S. Congress this year, and that these countries were not decertified for national security reasons, that is, to prevent possible destabilization or disruption of democratic processes.

During his exclusive interview with ULTIMA HORA in Washington, Arcos indicated that money laundering represents the worst problem in drug trafficking. He added

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that this problem can be fought through an open and honest banking system, thus suggesting the removal of the tight banking secrets existing in some countries in our region, such as Uruguay. Arcos also suggested that the countries with drug problems can clear their processes by curbing crime, car robberies, and corruption. Arcos noted: "Governments can prevent tax evasion and illegal maneuvers and curb corruption with clearer banking operations and more serious legislation."

Finally, Arcos emphasized to ULTIMA HORA that organized crime involves money laundering; car robberies; and drug trafficking, production, and consumption. He noted that all these elements are part of the drug traffickers' illegal chain.

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